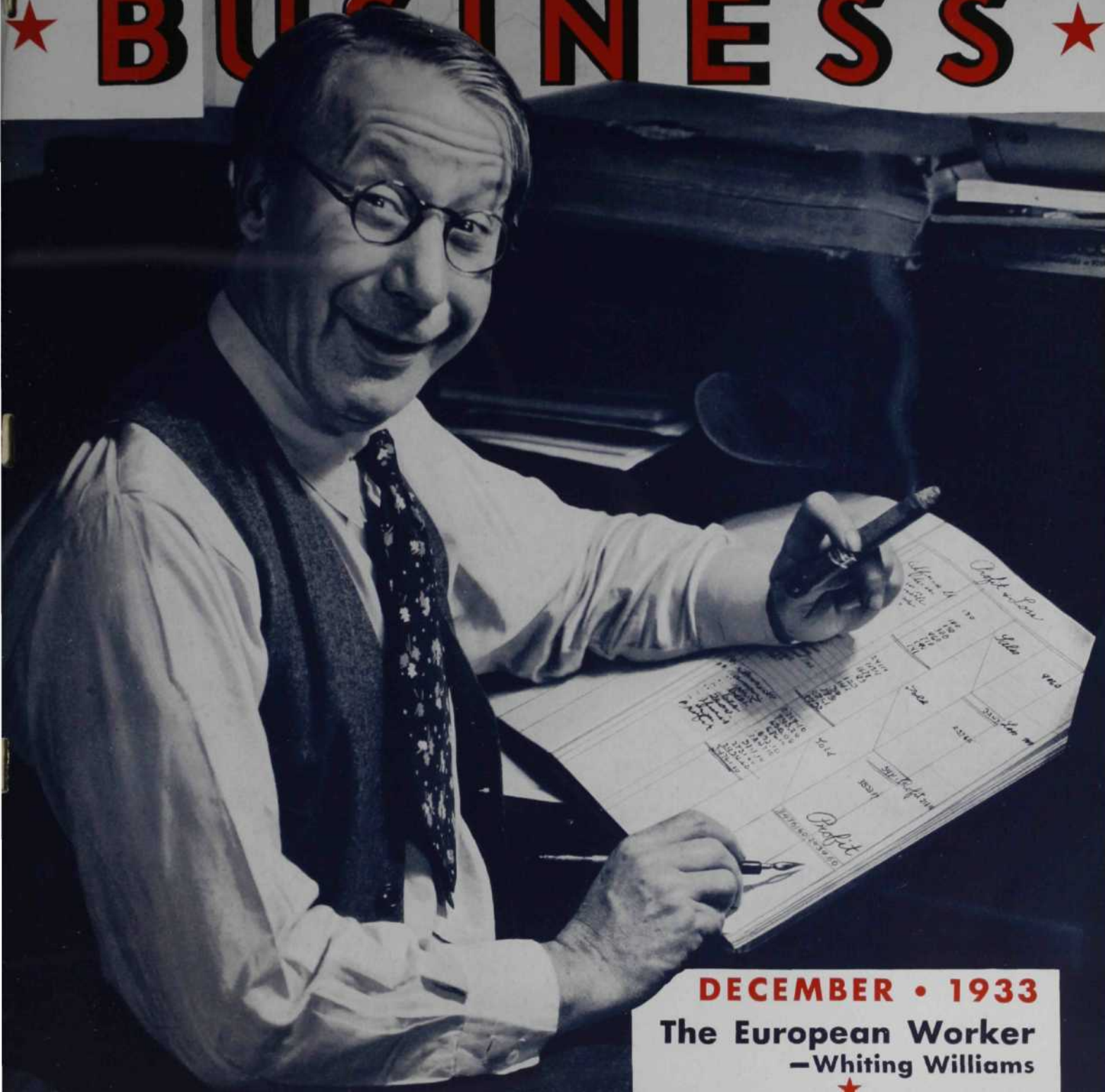


NATION'S BUSINESS



DECEMBER • 1933

The European Worker
—Whiting Williams



**My Experience with
Bank Guaranties**

—T. E. Braniff



**What's Going On in
Washington**

—Willard Kiplinger

PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE



TELEPHONE SALES MEETING BRINGS LARGEST NUMBER OF ORDERS IN EIGHTEEN MONTHS



BUSINESS MEN all over America tell us it would be difficult if not impossible to conduct business in today's market without the accurate, speedy, *there-and-back* assistance of Long Distance.

Every minute someone in the great businesses of the country is using this service to his advantage. It is from these regular users of Long Distance that new and valuable special uses are being developed to meet unusual conditions.

The National Cash Register Company was conducting a nation-wide sales drive. The Vice-President wanted to talk personally with his 194 sales agents. But he did not want to call them in from their territories while the campaign was on, and it would have taken

several weeks for him to visit each one in person.

With the co-operation of the telephone company, a telephone sales meeting was worked out. Each agent was asked to report not only on his sales to date but on the general conditions in his territory.

The calls were put through from Dayton headquarters in sequence, five minutes apart. On the second day, the National Cash Register Company received its largest number of orders in eighteen months.

"Without doubt," says the Vice-President, "the calls stimulated the men in the field to close orders which otherwise might have been held up a long time. And they gave us an accurate picture of business everywhere. The cost

of the telephone sales meeting was far below our expectations."

While unusual instances like this are often spectacular in their results, it is the profitable *day-by-day* use of the telephone which wins the unqualified approval of executives in every line of business. Your local Bell Company is constantly working with companies, large and small, to help them get the most out of their use of Long Distance. It will gladly do the same with you. Just call the Business Office.

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"WILLIAM PITT," by P. W. Wilson, is only one of the many fascinating books to which Club Mem-

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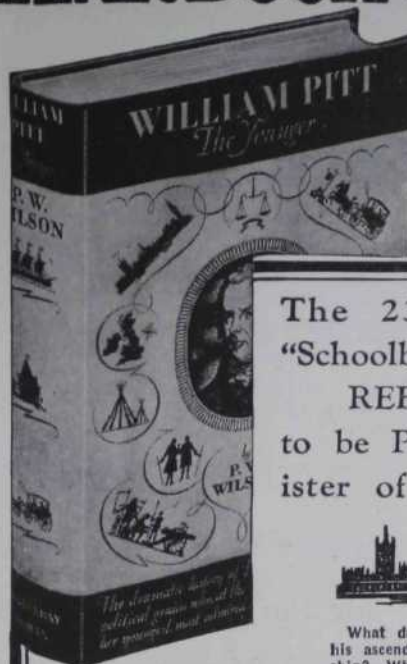
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"Schoolboy" Who
REFUSED
to be Prime Minister of England!



What dramatic signal flashed his ascendancy to the premiership? What was the outcome when he dared stake his all against the scornfully senescent Catherine the Great of Russia? What happened when he, unskilled in military tactics, ruthlessly drew swords with Napoleon?



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AT 23 he refused the Premiership of Britain. At 24 he accepted. No wonder a poem of the day exclaimed:

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Please enroll me free as a Club Member and send me each month the Monthly Bulletin and the book selected, commencing with WILLIAM PITT. I will examine each Book Selection for three days and if I decide to keep it, I will send you the Club price of \$1.00 plus the small postage charge of ten cents. If I do not like it, I will return it to you, in which case I am to have the privilege of choosing alternative book, if I wish, from the list in the Bulletin. I am not obligated as a Club Member in any way except to pay for the books which I decide to keep. I am to be free to discontinue membership at any time I wish.

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Ask the hotel men! Entertainment back out in the open. Cafes and dining rooms bright with life, gay with music. Eating again is a gracious ceremony. People sit longer to dine. Light-heartedness is in the air. Yes, we're stepping out!

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Full legal strength and fully aged

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An Announcement

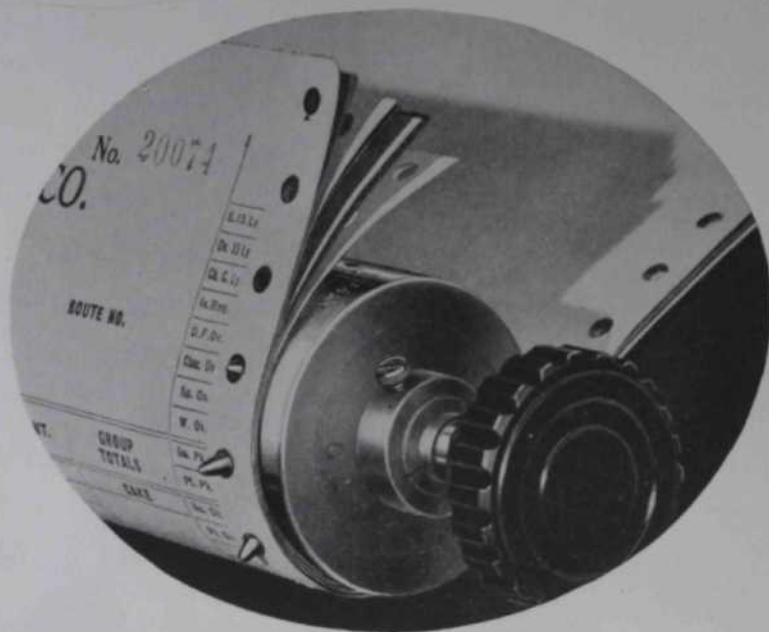
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**A new type of business form ...
Forms with marginal punches ...
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BUSINESS MACHINES FORMS DIVISION
THE STANDARD REGISTER COMPANY
DAYTON, OHIO



Through the EDITOR'S SPECS

Realism from the cloisters

JUST after rereading in proof our editorial—"A Program Divided Against Itself"—our eye fell upon the joint statement issued by twelve economists of the Middle West.

Recovery can be achieved only through increased business and production which at the same time increases national income. The fundamental condition of recovery is one in which individual enterprise will again become active.

Individual enterprise depends upon a reasonable expectation of profit. It is a matter of competitive readjustment of particular costs and prices and of a money in which agricultural and industrial producers can place a long-run confidence.

Enterprise cannot be encouraged by erratic changes in fundamental costs or by unpredictable fluctuations in the value of money. There is no point in insisting on a return to old gold parity, but a scheme to depreciate the dollar to uncertain limits by the deliberate use of government influence does not inspire confidence.

It was gratifying to this corn-fed economist, whose conclusions have been reached through observation and experience rather than through books, to learn that for once at least he finds himself supported by the real Simon-pure economists.

The consumer kicks

STATES of mind on price levels are bound to get into an editor's mail these days. What a department store economist thinks of price making and price cutting is revealed in this issue of NATION'S BUSINESS. What the Consumer's Advisory Board is hearing is shown in its analysis of 283 letters of complaint. Of these, 83 were written by "ultimate consumers," and 129 by retailers. Of the latter group, 87 were di-

NATION'S BUSINESS

VOLUME 21



NUMBER 12

★ ★ ★ for December • 1933 ★ ★ ★

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WHAT TOWELS ARE MADE FOR



Naturally when towels are not in the washroom where they belong, they are subjected to every other use except what towels are made for. That is why knowing firms provide their employees with A.P.W. Onliwon Washroom Service. Dispensed double-folded from sanitary cabinets. An individual clean Onliwon Towel every time for every user and every purpose. Use Onliwon Towels for dust cloths and shoe cloths, too, but you still have a clean fresh one for your hands.

Their double-fold makes Onliwon Towels doubly absorbent and strong. A.P.W. Onliwon Washroom Service costs you less to install and use. One Onliwon Towel does the work of several ordinary towels because one will wipe the hands completely dry. Onliwon Towels are easier and more pleasant to use. Install them along with A.P.W. Onliwon Tissue and you will quickly learn why more firms today prefer A.P.W. Onliwon to any other washroom service.

A.P.W.

ONLIWON SANITARY WASHROOM SERVICE

A. P. W. Paper Co., Albany, N. Y.

Representatives in leading cities

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rected against manufacturers, six against agents, and 36 against jobbers. Some manufacturers said they had to pay too much for the products they required from other manufacturers.

Less than half of the letters gave the names of firms or persons complained against. The complaints were rather fairly evenly divided among the main geographical sections, the West leading with 124. Increased prices set by service businesses, such as barber, film development, and shoe repair shops and restaurants drew consumers' fire. Protests from 11 states included higher tonsorial scales, and objections from six states mentioned increases by "5 and 10" stores.

The range of complaints brings up a question that has always bothered us. Who are the consumers? Groups we have of capital, management, labor, manufacturers, finance, clerks, and so on *ad infinitum*. Then we get a consumers' group. But isn't every consumer represented by one of the other groups? Isn't he a producer of some kind? If he isn't, shouldn't he be?

"Nerve" declares dividends

THE classic example of ill-conceived selling effort is, of course, the salesman who set out to sell electric fans to Eskimos. Yet consider the case of the salesman (appropriately enough, his name is Murphy) who during the depths of the March bank holiday walked into the office of H. W. Baldwin, Pennsylvania insecticide manufacturer, and sought to sell him a check protector.

"Boy," I said to him, "Mr. Baldwin relates the story, 'any salesman who has nerve enough to come in here today, with all the banks closed in the country, to sell me a check protector is a salesman I want on my own sales force. You've got a new job, right now.'"

Murphy took the job—not, however, until he had Mr. Baldwin's name on the dotted line for a check protector.

Mass faith = better times

ANY business that can show improvement in these times provides its own magnet for attention. The fact that used cars have sold faster than new cars in Harrisburg becomes more than locally significant when interpreted by W. B. Etters, president of the United Automotive Service in Pennsylvania's capital city. The idea that fear of price rises is the motivating influence in buying revivals is widespread. Mr. Etters thinks otherwise.

"A trend of increase of prices," he says, "has absolutely nothing to do in the increase of automotive business. People do not buy parts because of any increase made, nor do they buy used cars because of any increase in price. It comes down to the fact that the mass of wage earners have received more money and more of them have been put to work. Many have no cars but must buy a used one since the down payment on even a small new car is more than they are able to spend."

As for the test of confidence against uncertainty, "we also believe that many purchasing agents are holding up purchases because of being skeptical about the immediate future. The lack of faith seems to be more with the employer than with the em-



What keeps the Color in the THREE LITTLE PIGS ?



*A glimpse behind the scenes
with Dr. Herbert T. Kalmus,
President of the Technicolor
Corporation...*

"THE emotional appeal of motion pictures is immeasurably strengthened by color.

"Unquestionably, it has helped the 'Three Little Pigs' in their conquest of the nation's fancy.

"Come into our laboratories and see how we capture color... and what an important part Monel Metal plays in the preparation of Technicolor films.

Used extensively

"We use it in our developing machines and in our transfer machines. We use it extensively, from small parts in the solution tanks to structural members that are exposed to the spatter of solutions, and for belts and leader.

"We use this stable Nickel alloy because we must avoid even the slightest risk of rust... of corrosion... of any reaction between metal and chemicals which might injure a film in its processing through the plant."



For exactly the same reasons, Monel Metal is employed in dye houses and in laundries.

Because of its mirrorlike surface Monel Metal offers no foothold for dirt. It is easy to clean and keep clean. That's why it finds such wide use in

Even to those who haven't yet seen the THREE LITTLE PIGS, it's probably no news that this new full-color Walt Disney "Silly Symphony" is the talk of the nation. It has struck popular fancy to such an extent that its theme song, "Who's Afraid of the Big, Bad Wolf" is hummed by millions.

restaurants, hotels, hospitals, and food packing plants.

Because it is as strong and tough as steel, Monel Metal is used in machinery exposed to chemicals, to steam under high pressure and high temperature, and to materials that would quickly erode as well as corrode a softer, weaker metal.

In your home, too

Because of all these reasons Monel Metal is probably used in your own home:

Haven't you a Monel Metal sink, or cabinet tops, or a kitchen table? A range with Monel Metal trim? A Monel Metal hot water tank or water heater?

And in your business, aren't there places where immunity to rust, resistance to corrosion, chemical stability, strength, cleanability or lasting good looks would either cut your production costs, speed up your operations, or improve the quality or salability of your product?

If you don't know... if you aren't sure... write. We will be glad to tell you how others in your industry have used Monel Metal to their profit.

THE INTERNATIONAL NICKEL CO., INC., 67 Wall Street, New York, N. Y.

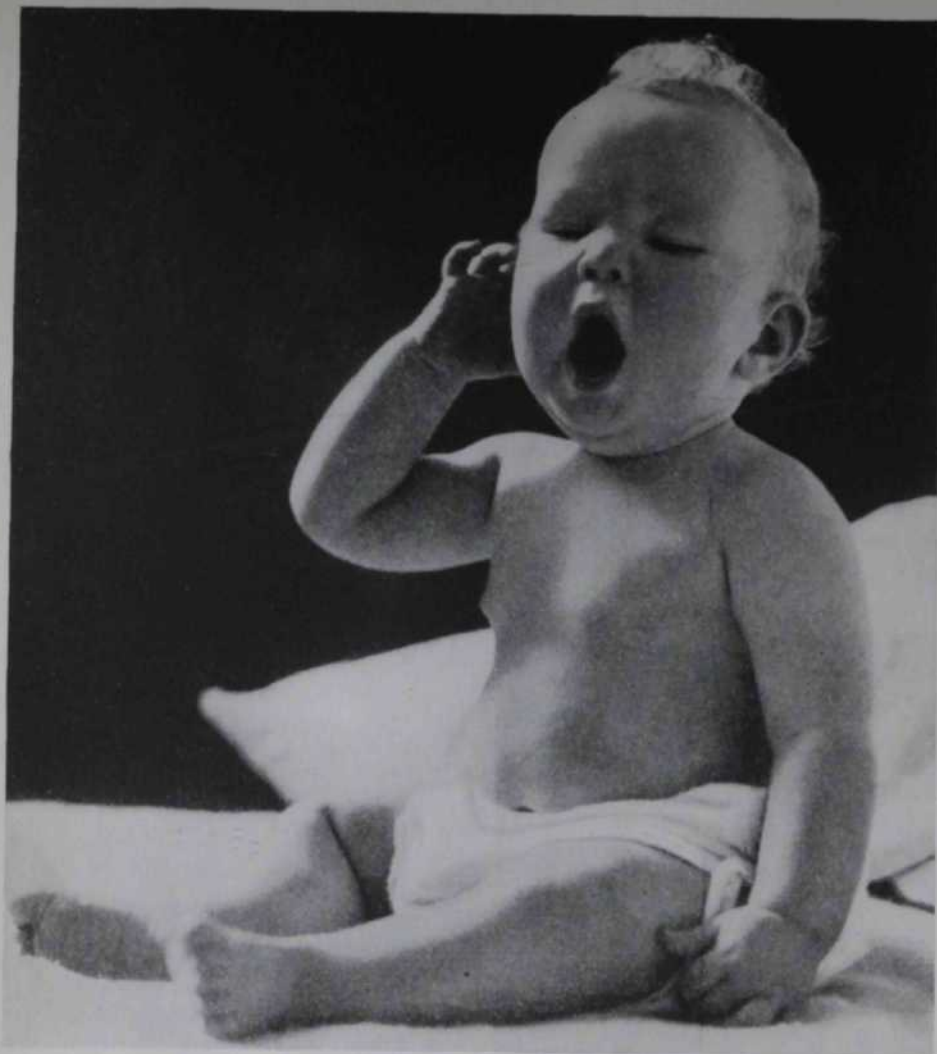


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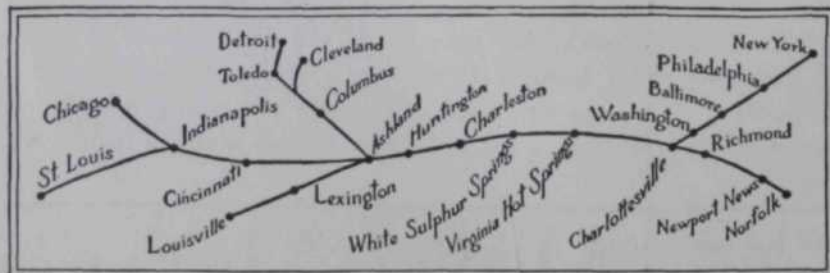
Why doncha come up 'n see me sometime?

Little Mae is a sweet child. Her vogue in curves is all her own. And when she travels, her mother invariably chooses the genuine air-conditioned trains of the Chesapeake and Ohio, because Mae stays immaculate, supremely comfortable and agreeable. As for sleep—she just can't get enough of it.

The ticket agent of any railroad can route you on the Chesapeake and Ohio. INSIST UPON IT!

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The Finest Fleet of Air-Conditioned Trains in the World



CHESAPEAKE and OHIO

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ployee." In whatever compartment of our economic system the decisive balance of faith is stored, both logic and experience argue the belief that the wise exercise of buying power in any degree is usefully consequential in the drive for recovery. A good many people still talk about moving mountains with faith. The trouble is that so many of us are afraid to buck even an ant hill.

Comment with Russian dressing

HOW RUSSIA looks through American eyes has been told with variations almost as numerous as the individuals reporting. With so much sounding and measuring of the Soviet experiment by itinerant appraisers from these shores it is only natural that Russians should begin asking themselves what manner of people are the Americans. A representative view, a correspondent assures us, is contributed by Karl Radek, "best known of Soviet commentators."

As a result of the crisis, he says, "the American capitalists have lost their confidence. They have changed their belief that the United States can get along without everybody, and especially, without the Socialist Republic."

Now, "getting along without" has become something of a national habit in the last four years. Possibly it has its compensations. Somehow, Comrade Radek's thought brings to mind the clerk who could not give the customer soda water without strawberry flavor, but only without vanilla.

Prices à la Government

NOTHING seems to give a clearer picture of what the future may hold for us than the thought that the housewife in Chicago who buys a bottle of milk pays a price that has the sanction of the United States Government. Little by little, her bacon and her bread, her woolen coat and her cotton dress may come under the same dominion, while her husband's wages and hours of labor have had federal approval. We are coming into a new and strange world.

The prohibiting spirit

HAVING felt the editorial call to comment upon the repeal of federal prohibition we delegated the task to Nathan Holden, who in 1789, said:

Beware the oppression of the majorities. God guard you from the tyranny of your neighbor's conscience.

God forbid that any majority ever may engrave upon the Constitution any law imposing its personal belief upon a minority unconvinced; for if they do, the nation will swarm with parasites known as agents, spies, officials, secret police, priors into privacy, moral inquisitors, and busy zealots who will fashion laws to govern what you shall eat and drink and what apparel you shall wear.

But have we repealed the *spirit* which sired prohibition, the spirit to impose by compulsion a regimen we think is better for the other fellow?

The same paper which carried the news of repeal last Wednesday, printed a plan of a college professor, E. A. Ross, of Wisconsin. He would have prospective brides

and grooms examined at state laboratories and graded mentally. The professors would mail reports to each subject, who must produce affidavits to show they had shown each other their "grades" two weeks before the wedding day. No examination, no nuptials. Wealthy men would establish a foundation to give bonuses to fifth, sixth and seventh children of "highly mental" parents, \$150 at birth, increasing yearly to \$500. And so on and so on.

Another proposal the same day was to tax rayon so that girls working in the cotton mills would have to wear cotton stockings.—One witness at the code hearing opined sententiously that no law would put American women back in flannel drawers.

The prohibiting mind loses sight of one main and important factor in its many prescriptions—human nature. A colored taxi driver, born in the West Virginia coal fields, gave forth great economic wisdom when he said to the writer:

"Dese yere farms de guv'mint is givin' to miners—has dey ast de miners if dey wants to farm?"

A bumper crop of cheer

A FRIEND puts us to the realization that some business indices continue to defy the force of gravity. He was talking about thrift as exemplified through the Christmas Club idea. By the time this magazine reaches its readers \$350,000,000 will have been distributed to 8,000,000 members. Engaged in this pleasant disbursement are 6,000 banking institutions and other organizations. While the total fund was about 20 per cent below the figure for 1932, the individual share of \$43.75 was slightly larger—and more by \$3 than each man, woman and child in the United States would get if all the cash in circulation were equally divided.

Where the money goes is no riddle. Judging by past performance, Christmas shopping will account for 42 per cent, about seven or eight per cent of the holiday business ordinarily done by stores chiefly sensitive to the gift-giving urge. Permanent savings and investment are credited with 26 per cent, and year end commitments with eight per cent. Taxes use up 12 per cent. Mortgage, amortization and interest, five per cent, insurance, five per cent, education, travel and charity, two per cent.

Apply that allocation to the total of \$350,000,000 paid to the savers, and you get evidence of thrift sizable enough to stir the most sluggish business into visible signs of life. The correspondent who tossed off the line that a pocketbook is a good gift, but only excess baggage to a nation traveling light, did not know his Christmas Club.

An old wish at par

AND while thinking of depression-proof industries, there's one going concern that time and circumstance regularly bring to a new luster at this season. And so the old wish wells up again from the heart, "Merry Christmas!"—and don't let anybody talk you out of it!

M.T.

Costs may still be lowered

in spite of new conditions

To offset present-day increases in production costs, many concerns are availing themselves of the important savings made by modern, high-speed wrapping machinery.

These savings are immediate and tangible, and they pay for the investment in a very short time—usually within a year, and sometimes in 90 days.

With our new high-speed machines you will get maximum labor-productivity and utmost economy of packaging material.

A BETTER PACKAGE, TOO

It is more than likely that with an improvement in your wrapping machinery, you will also secure a decidedly better package—neater, more attractive, with greater sales appeal.

What savings can be effected in your plant? We shall be glad to help you find out. Drop a line to our nearest office.

PACKAGE MACHINERY COMPANY

SPRINGFIELD, MASSACHUSETTS

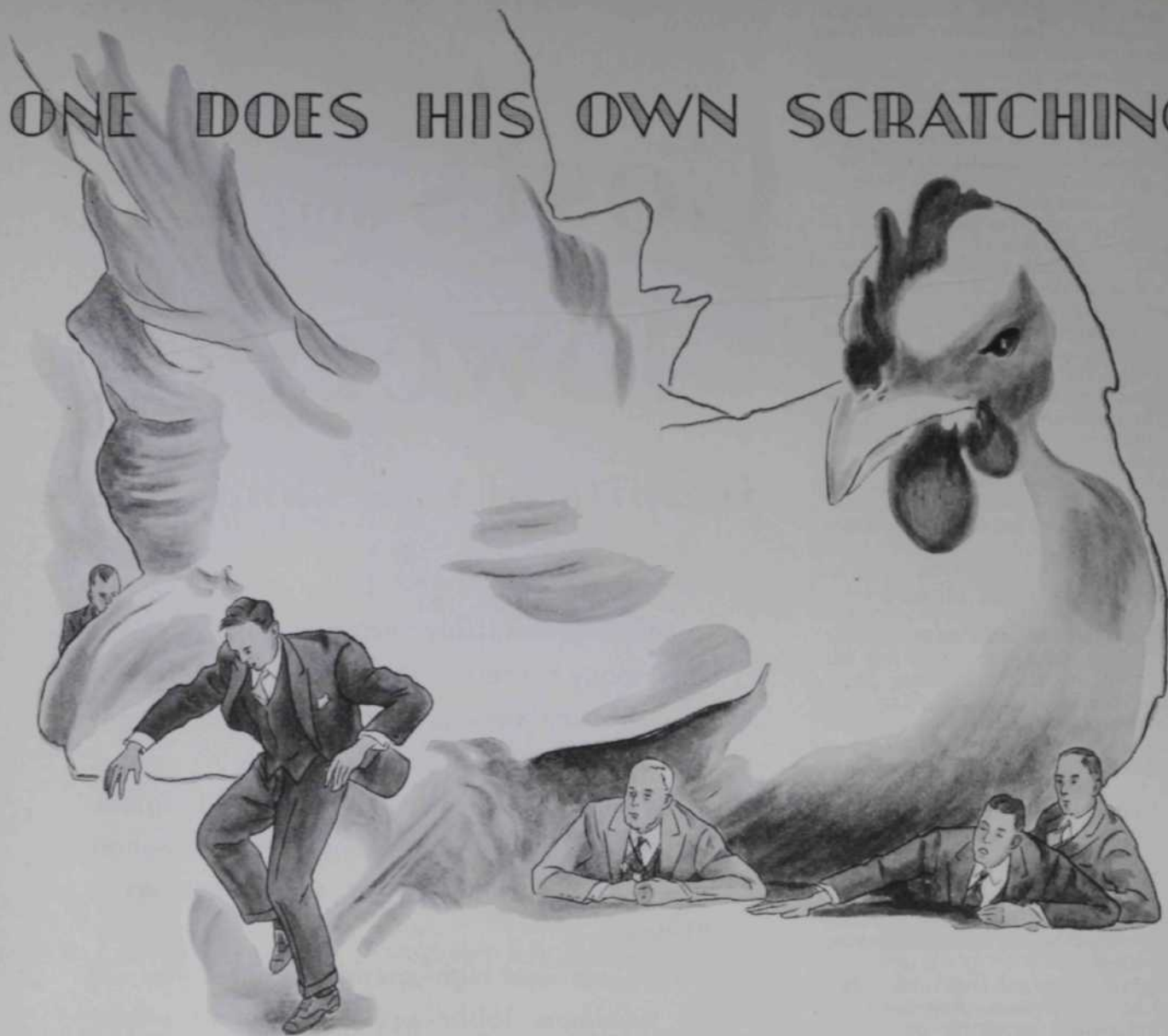
New York Cleveland Chicago Los Angeles

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ONE DOES HIS OWN SCRATCHING



And he waxes bigger, fatter and happier than the ones who share mother-dug worms

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A Program Divided Against Itself

★/CONFLICTING purposes have done much to make difficult the National Recovery Program. We have attempted to bring about business activity and at the same time to effect wholesale reform of the traditional economic order. Both are desirable.

Business activity, a condition we all pray for, is nothing more nor less than a normal exchange of goods, services and labor. One man wants something another man has. He wants it so much, he agrees to a trade. He overcomes a common fear, that of giving up his present resources for other resources. His instinct is to hesitate before changing his \$100 for goods to go on his shelves. The impulse which impels him to take the hazard is a profit motive. In this case it is a money profit; yet an exchange may be for a pleasure profit, a convenience profit, a health profit, or a social profit, but always a profit. For example, he may change his assets into a new, shiny automobile in order to increase the happiness of his wife.

In the last analysis, therefore, our national business activity resolves itself into a trade between two individuals, based on a profit motive.

Now, everyone wants a more ideal world, a world where selfishness and trickery are eliminated. Progress in this direction, despite the earnest exhortation of school and church and the example of good men everywhere, has been slow, albeit sure, through the centuries. To reform humanity in six months, then, is a pretty big order.

It seems a fundamental mistake to overemphasize reform, to attempt to recast age-old and sustaining ways of business, when the primary need is recovery. New and unknown rules increase the natural hesitation to trade, and stultify the very measures designed to stimulate.

Banks are urged to lend; yet are warned to be ready for a liquidity examination. A securities law, brought forth in an honest desire to minimize risks, has the effect of preventing stimulation of investment so essential to business recovery. An attempt to relieve those burdened by debt brings plans of repudiation and inflation,

the very fear of which causes watchful waiting. The promise of cheap power, low freight rates, less taxes through government development of industry in one section, brings a threat to the economic security of other sections. These are a few examples. In addition, come suggestions as to the redistribution of wealth, capital levies, production for use only and not for profit, and the disturbing discussions of the possibilities of a curb upon a free press.

This agitation, reasoned or fantastic, has done much to blight the tender shoots of returning confidence.

There is a growing feeling that we have, in our truly American way, bitten off more in the nature of reform than we could chew, even in times of great prosperity. A gastronomic feat, indeed, when the patient is weak, nervous and apprehensive!

The partnership of government and business, begun so auspiciously with the idea of cooperation and consultation, has become confused with compulsion. It is doubtful if the motivating factor of trade—delicate, personal, profit-making—can be stimulated by ballyhoo, penalty and coercion. The discrimination implied in "boycott" and "licensing" attains sinister meaning. Widespread policing of retail purchases where every citizen is an informer does not add to the assurance and confidence necessary to a business revival.

If it is true that better times must eventually and ultimately rest upon the enterprise of individuals, we must so temper our zeal for reform, however desirable such reform, to a point where it will not destroy the very thing it seeks to cure. The prescription must be carefully compounded, keeping the human nature of the patient always in mind. Where the reform measures contribute directly to timely reassurance, well and good. Where not, it may be the better wisdom for the physician to build up the patient to a point where he can stand even mild exercise.

Merce Thorne

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What's Ahead in Washington

W. M. Kiplinger Resumes His Correspondence

Dear Mac:

I OWE it to you to say that I don't know what's ahead in Washington. I often wish these days I didn't have the job of trying to know and trying to tell you. It is difficult.

At your end of the line it is difficult, too. You read so much, and tomorrow's news doesn't fit with yesterday's news, and about the time you think you have the picture, something happens and there's a reshuffle.

There's nothing to be done about it, except this: Resign yourself to the expectation of confusion for the next six months or more. Consider confusion during this period normal. Try to understand the general implications in Washington policies. If you do this you will find that the isolated developments do, in fact, fit into a general pattern in a rough sort of way, not neatly, not patly, not perfectly. This process will not eliminate confusion in your mind, but it will minimize the confusion.

Another suggestion: Keep your mind open and flexible. Keep your ideas of what Washington ought to do separated from your observations of what Washington actually is doing. Perhaps you don't get the two things mixed up, but many business men do, and it spoils their perceptions of Washington policies.

Let's consider in this discussion the background of government policies, more than the isolated policies themselves, for the policies appear in the daily newspapers, and if you have the background you can pin the policies onto it.

Experiments

IT has been said a thousand times that Washington is passing through a period of experimentations, and it needs to be said again. The period will last a long time yet. I don't know how long; certainly until the middle of 1934, and probably for years thereafter. It is the trial and error method in politics.

The orthodox thinkers generally oppose the experiments. The orthodox think the old methods have been tried and tested and should be used for their known results.

The liberals want to push on into new methods which are obviously experimental. Liberals defend the experiments by saying that they cannot lead to any worse results than the old system.

Since there is sharp conflict between the two groups, it is of practical importance to inquire which policies will prevail in the end. It seems to me the experimenters will prevail.

Right or Left?

THESE *right* and *left* terms are loose, and mean different things to different people. I don't like them, but I use them because they are convenient abbreviations for great bodies of ideas. *Right* implies the holding fast to the old methods

which are associated with conservatism. *Left* implies the accomplishment of reforms in the interest of the proletariat, and by new methods.

The Roosevelt Administration embodies a mixture of conservatism and radicalism. It is committed to a new economic order, but its inner preference is to build the new upon the old. In this sense it is not truly radical, despite the fact that many of the things it does seem at the time to be radical.

The point to be borne in mind is that there is a conflict of forces within the Administration. This creates the question of whether, as these two forces progress in their contest, the results will be right or left.

I think left. Or more left than right. There will be haltings and falterings, there will be occasional backings up, but the general long-range trend will be left.

This isn't due merely to the decisions made in Washington. It is due to popular forces, which are more fundamental. Washington is merely an agent of the public, and the current Washington Administration is primarily an agent of the masses. The masses want some sort of reform, without knowing just what or how.

Conservative Americans

THE American people represent probably the most conservative large nation. They are more conservative than the English, the French, the Germans, the Italians, the Russians.

The spirit of individualism is strong and will continue relatively strong.

But as any nation gets a little old, gets a little mature, a little grown-up, it becomes internally cooperative, which is another term for socialistic. Thus America will veer inevitably toward some form and degree of socialism.

The speed just now is very fast.

Capitalism

I DON'T know whether private capitalism is doomed or not. I don't know enough about the past, the present, or the future, to have any perfectly clear idea. Furthermore, I don't believe anyone else knows. Plenty of people think they know, one way or another, but it is noticeable that their predictions are based on their desires and hopes rather than on demonstrable facts.

It seems a perfectly accurate conclusion, however, that private capitalism will be limited, restricted, curbed, regulated and directed by the State; the State acting as agent for the masses. It is already happening.

Do you remember that I wrote you early this year to expect a great expansion of government banking, and a "socialization" of credit? You thought I was a little crazy, or at least a little fancy. Well, the thing has gone so fast in a few months that the predictions were silly because they were so mild. We now have with us state capitalism on a large scale.

The Government is providing capital and credit for purposes formerly supplied exclusively by private capital. The Government borrows capital and credit from private owners (the Government creates no capital of its own), and lends it to private users.

In a few more years the owners of capital or credit (capital being long term stuff, credit being short term stuff, with a hazy line of demarcation between them) will not be able to use their capital or credit to suit themselves. The Government will police the uses.

So private capitalism is being revolutionized by political supervision, and there's no prospect of going back to the old system, and we might as well get this much into our heads, without trying to figure out just now whether the private capitalistic system will ultimately be abandoned.

Communism

AS ON other great fundamental issues, I don't see how anyone can know whether this country will go to communism. Certainly the masses don't want it. This applies to the farmers, the labor unions, the small town dwellers, the great middle classes, most of whom are sons or grandsons of farmers. But the masses do want a change. They want reforms. Consequently they show a swing from the old attitude of sentimental hate for communism to a new attitude of objective interest and open-mindedness.

There are students who say there can be no mid-way compromise between the merits and faults of capitalism of the past, and the merits and faults of a communistic system. They say we are now mid-way. They say we must swing back far right, or swing ahead far left.

To me, a lay observer, it seems that the American people will choose to experiment for many years yet with the mid-way policy of government supervision and government regulation of private business, with socialism more than communism.

Individualism vs. Initiative

order is trying to curb. This means the brand of individualism which lets any man do with his property what he pleases. For years government has been applying the restraints. It is nothing new; only the intensification of it under the Roosevelt Administration is new.

Individual initiative must be kept and fostered. If the Government had the brains, or could draw in the brains, and could organize the brains, then government operation of all the multitudinous lines of business endeavor might be satisfactory.

But these are impossible *if's*. It will take a generation to build up efficient government. Russia is trying it, but is far from finished. Italy is doing it, but still experimentally.

The big point of long-range interest in NRA is that it will demonstrate whether government supervision can be imposed on private industry without losing the benefits of private initiative and private ingenuity. Seems to me it can.

Recovery vs. Reconstruction

a hurry, to make business, to make jobs. Reconstruction means to reform the social and economic system so that it will work better in the next few decades.

The two are intermingled and confused. Many high government officials forget the differences. They get all steamed up over emergency phases, and think in terms of making these emergency policies permanent.

AS ON other great fundamental issues, I don't see how anyone can know whether this country will go to communism. Certainly the masses don't want it. This applies to the

THE distinction between individualism and individual initiative is not recognized by many persons, even by many government officials. It is *individualism* which this new political

RECOVERY is the Administration's emergency short-range job.

Reconstruction is the Administration's long-range job. Recovery means to get things going again in

Administration Objectives

change from month to month, week to week.

The objectives are these: (a) To raise commodity prices from the present index number of around 70 to an index number of around 100. (b) To keep commodity price averages steady when they finally reach 100, by regulating or managing the country's currency and credit. These are the main objectives; everything else is incidental.

Administration Methods

PERHAPS a listing of some of the methods used in the experimental march toward the fixed objectives will be useful by way of showing how and where they fit.

Direct action toward raising of prices, creation of business volume and making of employment includes these:

NRA agreements on wages and hours.

Agricultural Adjustment agreements on marketing, which are practically price raising agreements.

Government loans to farmers to enable them to hold crops; this amounts to price pegging.

Government outright purchase of agricultural commodities, ostensibly for redistribution through relief channels, actually intended also to have the effect of price raising.

Public works expenditures. Government loans to railroads to finance purchases.

Indirect action toward the raising of prices includes these:

Inflation of one form or another, to be discussed later.

Government loans to banks, either closed banks or open banks.

Government refinancing of farm and home mortgages.

There are other methods, both direct and indirect, but these are typical. Note that none of these is an end in itself, but only a means to the end of higher prices and larger volume of business.

Note also that most of these methods relate to emergency recovery, rather than to long-term reconstruction. But many of the policies adopted for the emergency are bound to hang over and become a permanent part of our government system.

NRA

THERE is so much to say of NRA that it is hard to know where to begin or where to end.

Separate it into two phases, the emergency phase of the past, ending approximately during the past month; and the long-range phase of the future.

The emergency phase has resulted in some meritorious reforms, such as the abolishment of child labor, the recognition of the social desirability of minimum wages, the recognition of the social and economic desirability of shorter work hours. But the emergency results have been disappointing. By these particular standards NRA is not exactly a failure, but it is no huge success.

The great hope of NRA lies in the future, in the industry codes, in the possibilities of organizing industries as controllable units which will be self-governing, with government supervision, government direction, government umpirage.

To judge NRA is not possible on the basis of facts alone. The facts themselves show both good and bad results to date, and inasmuch as all the good points and all the bad points cannot be collected and put upon a single pair of scales, it is difficult to say what the *net* is. There have been dislocations, crudities, blunders. Too much has been tried in too short a time. There have been dislocations as between sections of the country, large cities and small towns, big business units and small units. Prices have risen more than purchasing power, and some of this is due to the price-raising

greed of manufacturers. All in all, the results to date have not been entirely happy.

The great current danger lies in rebellion of business men. Business men have been much belabored. Doubtless most of the rough things said of them are true of many of them. But, after all, business men actually do run business, which supplies goods and services and jobs. They are the generals, the colonels, the majors, the captains and the second lieutenants of the business army. They cannot be supplanted by any little general staff in Washington.

Recently there have been mutterings among these line officers of the business system. The Washington Generalissimo has cracked down on them, not too roughly, perhaps, but too crudely. Conflicting orders have gone out, one order for one regiment, another order for another regiment. There is insufficient definition of aim, or goal, or ultimate purpose. Neither an army nor business can be run this way.

So NRA is due for reorganization of policies, methods and aims. General Johnson will have to go, and be replaced by someone who is a good conciliator and who also has firmness. Bluster may well be abandoned. The General will be entitled to thanks for his work. It has been a tough job, and he has done it energetically, courageously and with the best of intentions, but without any excess of good judgment.

Swope Plan

MR. SWOPE thinks business can govern itself, and should govern itself without Government "interference." This seems true only in a degree. Business can and should supply

the initiative, and the nice management of policies. But business never has been able and probably never will be able to manage its affairs in the interest of the general public (let's say the consuming public, or the employed public, or the investing public) without some sort of policing from above. This means, I think, that Government must keep a hand on trades and industries. Whether it is a heavy hand or a light hand depends on business men themselves.

Government probably must be represented on the code authorities, and must have the veto power to enforce its public interest judgment.

Licensing

THE licensing provision of the NIRA goes out of existence within the year unless it is specifically extended by new congressional legislation. Labor is insistent on its retention,

as a club for future use. Industry is opposed. Public sentiment has not yet been aroused for or against.

A majority of members of Congress probably are skeptical of the licensing provision, and covertly hostile to it. The fight will be hard, and I don't know how it will come out.

For agricultural trades, licensing will be retained and even extended. It seems quite likely that regulation of agricultural commodity dealings will be effected through the licensing of dealers, rather than through the drastic regulation of exchanges.

Agriculture

TO lift agricultural prices, and to lift them more than the prices of things farmers buy, is Political Necessity No. 1. Inflation alone will not do it, for inflation will raise

prices of finished goods along with farm products.

It looks as if there would be a combination of policies:

Marketing agreements under the AAA (Peek's outfit). These agreements are not "codes." They are practically price raising, or price pegging agreements, designed to give the farmers more money, and pass the cost back to the consumer.

Government price pegging loans on many commodities.

Government buying of agricultural commodities on a larger scale. Unless the Government looks sharp, it will slip back into the same old Farm Board errors. Of course we now

have various schemes for limiting production which we didn't have under the Farm Board. Bit by bit, we are steering toward price fixing for agricultural products.

Inflation

IT IS certain that we are headed for further inflation, but it isn't certain just what kind, what form, what degree or when.

Certainly dollar devaluation to approximately one-half, after prices have risen some more. Whether this will raise domestic prices much is a subject of dispute among the high-brow economists. Dollar devaluation also means that we shall go back to a gold base, but a new kind of gold base.

The gold purchase plan was intended as a theoretical test of devaluation and managed currency.

Greenbacks are to be avoided if possible. But some substitute form of circulating medium may be adopted, one or two shades removed from greenbacks.

The Administration has always been committed to raising the price of silver, but it is a minor phase of inflation.

Inflation Substitutes

OPPONENTS of tinkering with the currency or the monetary base admit the necessity for inflation, and advocate more liberal use of government credit, which provides another form

of inflation, more controllable. The conservatives were disappointed that the plan for a billion dollars' worth of government credit to closed banks, to let them pay depositors, was headed off a month or more ago. This would have been a good credit laxative.

Government loans are generally the substitute proposed by conservatives in preference to currency inflation.

Other Things

Railroads. They are doing relatively well. Railroad executives have gone back to work running their railroads, and they are cooperating well with Coordinator Eastman, who

is doing a fine job. He represents the best example of an enlightened, experienced, practical government supervisor of a private industry. His type should be in NRA.

Securities. There doesn't seem to be much chance of material modification of the securities act, despite the complaints from investment bankers and others.

Congress. When the next session opens in January, Congress will be in a critical mood, even the democratic members. But Roosevelt will control. There will be no repeal of any of the major recovery laws. The Executive will still retain most of its so-called "dictatorial" powers.

Banking. There may be a new banking law, aiming to further "socialize" the banking structure, put it more closely under government supervision. Already the Government, through the RFC, owns much bank stock. Banking undoubtedly will become a semi-public, semi-private function, a sort of public utility, closely supervised by Government, not only in its management, but also in its broad policies.

Unemployment. The new make-work plan ought to be good, and a real business primer.

Capital goods. These are to be boosted by new government measures, either government loans or outright subsidy. It will take six months to get into operation a plan for stimulating of private construction, but it will come.

Recovery. The idea is gaining that recovery will be slow and creeping. Commodity prices will rise, business volume will gain, but without bursts or miracles.

Yours sincerely,

Wm. L. Hughes

No Business Can Escape Change

★ **A new**, speedy fire extinguishing method utilizes a dry chemical propelled by a gas, both the powder and propellant being extinguishing agents. Efficient on gas, oil, electrical and other fires, the new system is said to cause no chemical or water damage, is approved by the Underwriters' Laboratories. . . .

A low-voltage secondary network cable has been developed which is self-clearing—faults burn clear quickly, the insulation producing no smoke, inflammable, explosive or toxic gases. . . .

A new, small, portable X-ray set operates from an ordinary light socket, can be used for making films of the human body, fluoroscopic examinations of parts of not too great an opacity, packages, etc. A layman can operate it in perfect safety, it is said. . . .

Collections made by truck drivers and others are protected by a new steel money box which bolts to the car body. Drivers can't open it, keys being retained at the office. Money is dropped through a slot in the box as collected. . . .

A combination hanger and wall outlet for electric clocks has been devised. Recessed in the wall behind the clock, it does away with visible wiring. . . .

Double-hung windows are closed automatically when it rains by a new device embodying springs which are released when rain strikes a blotter-like paper link attached to the sill. . . .

Serving as cultivator, hoe, lawn edger, pulverizer, etc., a new multi-purpose garden tool has a serrated pointed blade, ends of which are curved upward. Fixed to a handle, the blade rests flat on the ground, is operated by pushing. . . .

Flexible, handy, a new travelling case holds suits, dresses on hangers, has pockets for other articles, slide fastener, hangs full length (36 inches) in auto or berth, or folds for easy carrying. . . .

A new hat box utilizes transparent cellulose to protect the contents against moths, moisture, dust. The lining is an integral part of the box. . . .

There's a new form-fitting bed pillow; it has a rounded indentation in one side to fit the sleeper's shoulder. . . .

Warp yarns in a new fabric are made from a treated, folded cellulose film; filling yarns from the same film, or rayon or cotton. It can be dry cleaned or laundered, it's said, can be used for draperies, upholstery, spreads, etc. . . .

A new, simple airplane direction finder utilizes any broadcasting station as a compass. A Chicago-bound pilot merely tunes in a Chicago station and a needle on a dial points to zero as long as he is on his course, swings right or left when he strays. . . .

A soluble preparation embodying sodium metaphosphate, developed for laundry use, is said to soften water without precipitation, to dissolve "lime soaps," restoring their sudsing properties and permitting their removal as a part of the washing formula. . . .

NEW processes and products are of constant interest to the wise manufacturer. Uncertainty may rule the present, but the future, he knows, holds the certainty of change

A compact, self-contained electrically driven source of hydraulic power for direct operation of presses and other hydraulically actuated machines is now available. It's said to offer speedier operation, to incorporate a new form of automatic control. . . .

Thefts of gas are combatted through a new meter coupling housing and seal. Meters cannot be disconnected without breaking the seal nor be tilted without leaving a tell-tale signal. . . .

An automobile battery of new design is entirely encased (including formerly exposed metal parts) in a hard-rubber protective cover. It is serviced without removing this cover. . . .

A new, low-priced, burglar-resistant auxiliary lock for rear and side doors has only three units (inside knob, bolt, five-disc tumbler), requires boring of but two major holes to install. . . .

Insect infestation of certain food products is combatted by a new fumigating gas, said to be nonpoisonous, noninflammable, odorless, colorless, and to affect neither taste nor appearance of foods. . . .



Fruit protection by means of lights which electrocute insect pests is being tried. Orchardists, electric companies may benefit

Sandpaper, other coated abrasives are said to be given 20 to 60 per cent added efficiency by a new electrocoating process which embeds the abrasive particles uniformly, firmly, points up. . . .

Compact offset lithographic equipment for office use is now available. It's said to save time and money in issuing business forms, drawings, charts, advertising reprints, sales messages, etc. . . .

A bond paper for typewriting is offered which permits quick erasures with an ordinary pencil eraser. After a few days, characters typed on it become as indelible as on any other paper. . . .

Umbrellas made entirely of water-proofed paper—handles, ribs and all—will soon be on the market. Costing only a few cents, they'll reduce the overhead of lending umbrellas to friends. . . .

There's a new revolving lawn sprinkler which distributes water over a square instead of a circle. . . .

Motorists will soon be able to enjoy clean, cool air however hot the weather. An attachment for autos which filters, cools (or warms) the air is scheduled to be on the market in about two months. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.

Your Bank and the Guaranty

By T. E. BRANIFF President, Braniff Investment Co., Oklahoma City

Illustrations by Charles Dunn

ALTHOUGH the national guaranty of bank deposits is already provided by law, changes are not impossible or unlikely if circumstances warrant. Here a business man with 15 years' experience under a state guaranty plan describes the results

✓ ONE of the popular theories of our system of government has been that the states provide testing laboratories in which experiments may be carried on in new ideas of government. Those experiments which fail may be discarded and the injurious effects of the failure confined to a relatively small area. Those which succeed may be adopted by other states or by the nation. How can we reconcile with this idea the national experiment with the Bank Guaranty Plan which has failed in every state where it has been tried?

The guaranty or insurance of bank deposits seems to have won its way into popular acceptance without serious question. The words themselves are accepted at face value. It is called a "guaranty," therefore it is a guaranty, as if it were simply a routine matter that only needs to be said to be done. There appears to be no thought that it deals with important psychological and economic forces whose actions and reactions are highly complex and not wholly controllable.

Newspaper editorial comment almost universally shows this naïve attitude. Bankers are accused of opposing the guaranty because they do not want their profits curtailed or their operations hampered. There seems to be little real perception of, or willingness to accept, the possibility that bankers oppose the guaranty simply because it does not guarantee and actually makes banking more unsafe.

Added to this intellectual blindness regarding the guaranty, is a powerful element of mass emotion. Recent banking disasters have created a great and justifiable public desire for deposit protection. Through the familiar process of



Assessments for guaranty funds forced even good banks to suspend or liquidate

human psychology by which all great fallacies are established, the words "deposit guaranty" become at once the promise and the fulfilment of that desire. So the battle is won by the mere sound of words—even though experience has proved that the plans behind them only aggravate the conditions they were designed to correct.

In the national guaranty of bank deposits plan set up in the Banking Act of 1933 under the name of the Federal Deposit Insurance Corporation are possibilities for demoralization of the country's economic life.

For this reason bankers—and I have talked with many of them who know—oppose the guaranty or insurance of deposits plans. They know that such a plan not only does not protect deposits but actually undermines and disintegrates those sound forces in banking

which alone can make deposits secure.

Furthermore, I can check against this position of the bankers by my own experience as a business man relying upon the banks as essential aids to his enterprises.

We had a 15 year experience with the bank guaranty in Oklahoma, and it brought nothing but added disaster to banking.

What does the business man expect of his bank?

For one thing, he wants to know that, when he deposits his money there and creates his reservoir of working cash capital, he can draw it out or direct its flow wherever and whenever he wants to.

He wants to know that when he takes his note to the bank he can convert it into immediate cash purchasing power that is as good as gold everywhere.

Customers want good banks

HE wants to know that when, by means of his established borrowing power at his bank, he desires to expand his cash balances, he will not be hampered by his bank's interests in other, possibly debatable, directions.

He wants to be able to do all these things solely because his own bank is well managed; because its loans and investments are good in and of themselves and because he and his fellow depositors have complete confidence in it—not because it is dependent, even in small part, on the fact that other banks are compelled by law to guarantee, not its soundness, for they cannot do that, but the repayment of his deposits in case bad, or dishonest, or unfortunate management should cripple his bank's ability to do what it should always be able to do without help from anyone.

Even more than this, he does not want to feel that the resources of his own bank may be drained off and its power to repay him his deposits endangered by the necessity of covering the losses



and paying for the short-comings of other banks throughout the country.

That kind of banking is not sound banking. It is not the kind of banking the business man wants. We proved this in Oklahoma, where the first compulsory state bank guaranty of deposits plan was put into operation in 1908. All state banks were subject to limited assessments to create a fund supposed to secure depositors of failed banks against loss. Only banks that could pass muster in a special qualifying examination were supposed to be allowed to continue in operation under the guaranty plan. But it proved impossible to complete these examinations before the plan went into effect and all state banks indiscriminately were admitted.

Shortly afterward there came a land, building and oil boom. The number of state banks almost doubled in a few years. Anyone fulfilling the technical legal requirements was allowed to open a bank. Although business was booming during a large part of the first dozen years of the plan, the failures among the guaranteed state banks were numerous, and in a far greater ratio than among the unguaranteed national banks in the state.

These failures cast heavy demands on the guaranty fund and more than \$3,000,000 was collected from all the state banks to pay depositors of failed banks. The crash came when the plan faced its first real test—the depression which began in 1920. Fifty-five state banks in Oklahoma failed in three years, as compared with only two national banks. Added depositors' claims against the guaranty fund were greater than the specified assessments on the going banks could meet. The plan became inoperative through insolvency and was abandoned in 1923. Its operation cost Oklahoma state banks \$3,700,000 in assessments. Unpaid depositors' claims at its abandonment were \$7,500,000, which was somewhat reduced by the liquidation of the assets of the failed banks.

More important than this statistical picture were the disastrous moral effects of the plan. It fostered unsound rather than sound banking. This was due to the fact that any kind of a banker was able to command confidence and patronage. The public believed that the State, not only the funds created by limited assessments, guaranteed their deposits and therefore they could not lose.

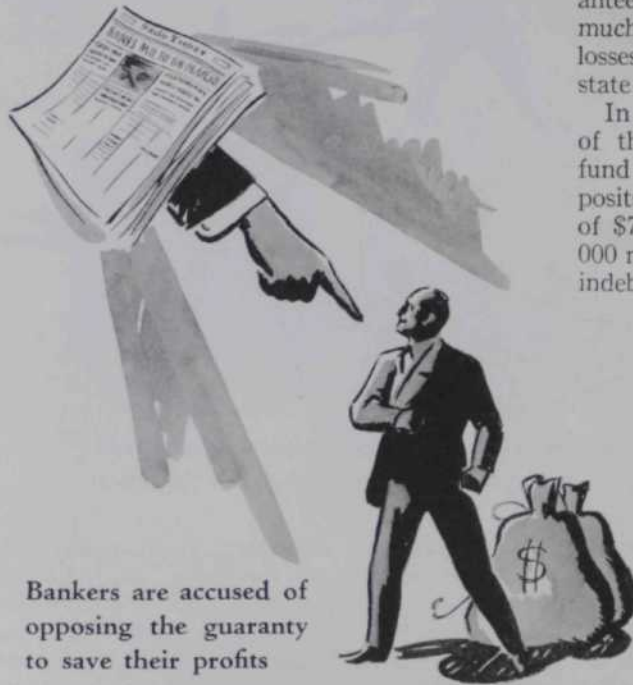
It demoralized even good bankers by subjecting them to the ruinous competition of incompetent or reckless men and by supplanting their own sense of individual honor and responsibility with a

sense that the State would take care of their depositors if they did not. Any paternalistic scheme always impairs the moral fiber of those whom it coddles.

Assessments hurt all banks

THE Oklahoma business man learned that the guaranty plan, instead of giving him a sounder banking system and a more reliable body of bankers, actually produced conditions under which he could not be sure what bank was safe or what banker was sound. State banking in Oklahoma suffered a staggering blow from which it took years to recover. The burden of the assessments on sound banks and the increased lack of public confidence nearly brought all of them to insolvency before the plan was repealed.

I have not had first-hand experience with banking in the seven other western states that followed Oklahoma along the guaranty trail, but I have looked into the record and their experiences did not differ in essential results from those of



Bankers are accused of opposing the guaranty to save their profits

my own state. Authoritative information shows that, in every one of them, more failures, worse banking conditions and more low grade bankers followed the guaranty plan. In every case, too, financial disaster destroyed the schemes themselves. Unprecedented bank failures made it impossible to obtain enough funds to meet the claims of depositors. Thousands of depositors lost millions because they had entrusted them to banks they had been led to believe were foolproof because of the guaranty. Hundreds of good banks were rendered profitless by loss of business and assessments for guaranty funds. These inroads on their earnings, or even surplus or capital, forced many to suspend or liquidate to avoid failure.

These things occurred in states where, unlike Oklahoma, a stringent examination for eligibility to the guaranty plan was enforced and only sound banks were admitted. They occurred in states where the highest type of public supervision and banking codes prevailed. They occurred in states, also, where strict chartering policies were enforced, and banks were allowed to be organized only where there appeared to be a real economic need for them. Under these conditions excessive overbanking could not develop, and only apparently properly qualified persons were permitted to start banks. Yet in all these states banking went down hill and more depositors lost more money than manifestly would have been the case without the guaranty. This is shown by the comparative experience of state banks in states without the guaranty; of national banks operating without the guaranty in the guaranty states; and even of unguaranteed state banks in the case of Kansas, where the plan was optional and more than one-third of the state banks stayed out. Like the national banks, these unguaranteed state banks in Kansas made a much better record as to failures and losses to depositors than the guaranteed state banks.

In South Dakota, under the guidance of the Non-Partisan League, a state fund was created to guarantee bank deposits. The fund now consists of assets of \$700,000 and liabilities of \$35,000,000 represented by unpaid certificates of indebtedness.

Impairing sound banks

TEXAS presents a partial exception to any general statement that all the guaranty funds became bankrupt and left thousands of depositors unpaid. The Texas system was distinguished from the others by its high rate of assessments under a plan that permitted it in six years' time, when 150 failed banks were thrown on the hands of the fund, to pump some \$19,000,000 out of the going banks to meet the claims of unpaid depositors of defunct banks.

While this plan took care of depositors, it narrowly missed wrecking the entire state bank structure. Assessments cut into or wiped out dividends of sound banks, cut into surpluses and even impaired capital in some cases. This resulted in a panic among stockholders and depositors of the good banks who feared that their institutions would be dragged down in a general wreck with the bad banks.

This situation forced the abandonment of the plan.

This Texas case points a finger at what is held to be one of the distinguish-

(Continued on page 54)

The Workers' View of Europe

★ AS vice president of a Cleveland steel company, Whiting Williams, in 1919, wanted first-hand information about his workers. He changed his name, put on overalls and became a laborer. He has been doing this sort of thing ever since, not only in America but in Europe. Last July, he returned to Europe to find out what workers in Germany, Poland, Russia were thinking. He summed up his views in a letter to his friends. The letter so interested us that we got his permission to print it

Dear Sir:

MY SUMMER in Europe permits—herewith—*First*—

My "high-spot" findings on:

I. The Polish Corridor.

II. The Saar Basin and its Plebiscite in '35.

III. Hitler's Whence and Whither.

IV. Russia's Hungry Workers.

Second—

V. A suggestion regarding NRA and after.

I. The Polish Corridor discloses no peaceful door.

Everywhere Polish soldiers, airplanes—and taxes. Everywhere German bitterness over the "absurd" French-engineered boundary and its soldier-enforcement.

"This farmer's house is in Germany but his farm is across that ditch in Poland! He can cross the boundary by daylight only. Helping his sick cow, by night, may mean three weeks in Polish jails."

"This German family's (Polish) servants report its every conversation. The only place it can talk freely with its guests is in the auto."

"The Treaty required Poland to use our Free City of Danzig as its only port. Now it has built up its own new port of Gdynia. We face ruin!"

"But you see," retort the Poles, "Danzig takes orders only from Berlin. It refused some years ago to let us import any munitions for repelling Bolshevik invaders. That forced us to develop Gdynia.—We'll gladly compromise on

tariffs or what-not. But we won't give back one single millimeter of territory!"

Meanwhile, Hitler has surprised all by decidedly easing the situation. Whether he merely seeks a temporary breathing-spell, nobody knows.

II. Of the Saar's 700,000 population, 90 per cent was earlier expected to vote in the Plebiscite of 1935 for return to Germany.

Hitlerism makes this now less certain. The day it enters, every Saar Communist, Socialist, Jew, and other Non-Hitlerite will have to "beat it" across the border! (The Basin avoided Germany's



Whiting Williams

Inflation. It enjoys more jobs than Germany, higher real wages, lower taxes, more freedom. Its local coal and steel jobs are likely to be more plentiful if it remains under the League of Nations. Its joining France is unlikely.)

Overactive Hitler propaganda might force the League to send in (French) troops. That might bring war! War might also result from what many French expect before long—namely, a French Hitler in Paris! Otherwise the Plebiscite's outcome will depend mainly on Hitler's success or failure this winter.

III. I was disappointed with Hitler's voice, magnetism, ideas. His Nuremberg speeches were mostly platitudes about art, music, race-purity, and so on.

He has gained political leadership mainly because he speaks comfortably to a people whose self-respect, religion, and courage were destroyed by the triple defeats of 1918, of '23's inflation, and finally, of the Depression.

"Your victorious armies," he tells them, "were stabbed in the back by the Socialists and Reds. 'Non-Aryans' took your money by inflation and your jobs by Depression.—Choose between us and Communism!"

Hence the overpopulated "Concentration Camps," the flight of 60,000 Jews, legislation barring them from government jobs and the demand that they be "fired" from university studies and business generally—in general, widespread brutality, censorship, muzzled press, fear—also hope.

"One-fourth of us today are Hitlerites. One-fourth of us are friendly to Hitlerism because this is 'good business.' A fourth are 'hopeful waiters.' The final fourth hates but keeps silent."

Watching, in Nuremberg, 140,000 (weaponless) soldiers take 4½ hours to march past, and seeing 65,000 boy soldiers-to-be listening to "The Leader," helped explain why all Europe fears hidden munitions and early war. But I'm not yet certain that Hitler wishes this, either now or later. To hold power he and his "mediocre if not positively pathological" Cabinet must make such gestures as his anti-League move.

"Quiet here?" summarized a German worker. "Sure, we all have to be quiet. Still Hitler has helped us Germans to

walk now with chest out and head up. We hope he's right. But we wonder how he can find more jobs by driving out thousands of our ablest professionals, our most active capitalists, and our best business men."

To succeed, Hitler must report "more jobs" or else make the Allies ease up. Otherwise, popular, hard-boiled Goering may pull a military dictatorship.

IV. In Russia's Donetz or "Pittsburgh District" in the Ukraine I visited factories and collective farms with Government-employed interpreters.

But mostly I talked with (a) German, French and American engineers, official representatives and experts of long Russian residence; (b) hundreds of Russian workers (in German) on the back streets of Kharkov, Ukraine's 850,000-man capital, and especially in the same coal and steel towns I visited in '28. All this brought four convictions:

A] Famine, last winter and spring, caused fully 5,000,000 deaths!

1. Though unbelievable here, this situation is no longer news in Europe.

2. Practically all foreign-born but resident observers put the figure higher than the 5,000,000 victims of "Hungry '21." This hunger has been more widespread. It has also not been lessened by '21's \$70,000,000 of American relief. (Party members—3,000,000—last August denied the situation and frowned upon helping the starving.)

3. Amongst themselves upper-class Russians are reported to discuss whether the dead have totalled 15,000,000 or only 10,000,000! Nobody can know: Doctors (all Government-employed) dare report death only as due to "Weak Heart" or "Exposure." Big increase in death-rate—also in number of tuberculous young—remains unexplained.

4. Moscow correspondents last August were denied access to the district I was visiting. One well known correspondent pooh-poohed all hunger rumors, but now confidentially admits "five million."

5. Two other reasons for America's ignorance of conditions are: (a) Army control has lately made censorship both stricter and dumber; (b) "We residents didn't know why Yalta was suddenly, one morning, empty of all beggars and starving—until, about 11 o'clock, we saw hundreds of foreign tourists!"

6. I personally saw children and grown-ups dying of starvation. (Indicated by swollen faces.)

7. "My daughter died of hunger three months ago today."

8. "How many dead did you see coming down to work this morning?" Thus conversation began last winter in many offices. (In August these offices were largely empty while the clerks helped harvest the "bread." Nobody calls it wheat.)

9. "In my village, last winter, I saw regularly 25 neighbors dead of a morning. Often

50. On occasions I have actually counted 100! You see, they go out in search of something to eat and finally drop down, too weak to move—and well, that's all."

10. "An aunt of mine kept herself and two children alive by selling, one by one, her gold teeth and fillings—I don't need them," she told us, "as long as our Government black bread is always wet in the middle."

11. "That policeman capturing that boy there will load his wagonful of homeless orphans into a railroad car. It will then be run so far out into the open country that the youngsters can't walk back. You see, last winter, families flocked here from the starving villages. Later they were forced back home. To give their children one more chance, they abandoned them here—to a total of 18,000!"

12. As in '21, reports of cannibalism are too common to be disregarded. These are made more believable by the way "merchants" try to sell in the "Free Market" three lumps of sugar, a gob of cement, two or three eggs, a piece of meat—all a handful at a time, with nothing else in sight.

B] In spite of material and cultural

WILL the Guaranty of Bank Deposits which goes into effect temporarily January 1 make banks safer? Government says it will. Bankers say it won't. Most business men must wait and see. A few of them, however, feel that they know what to expect. T. E. Braniff, of Oklahoma City, is one of these. His state once had a guaranty law. From his experience, he tells, on page 17, how the plan worked in Oklahoma

gains, I believe the worker, in at least the Donetz, is worse off than in 1928.

1. While pay has been somewhat increased, the ruble's purchasing power has fallen from 50 to about 2½ cents! A shoe-shine costs a ruble—ditto three or four scraggly pears; a self-respecting egg—1.30 rubles; butter in the Free Market, 50 rubles! You can "bootleg" anywhere from 30 to 200 rubles for an American dollar!

2. A worker can buy his allotted three-quarters of a pound or more of bread a day—also certain other supplies—at low rates; also, at 1 to 1½ rubles, one meal daily in his employer's (usually dirty) lunch room. Figuring this in, it looks as though the ordinary laborer's "real" wages, had, since '28, been at least cut in two!

3. This calls for more and more compulsion.

Present labor policy is now mainly—"Work today or starve tomorrow!"

4. Without the new, individual "Labor Passport," no worker can resign, buy his railway ticket to another job, or retain either his cheap-bread-card or his bed. Then Free Market prices soon start him starving.

5. "But even if my job brings me two to four rubles daily, I starve almost as quickly."

6. "How many rubles a month?" I could ask in Russian. Ten fingers brought together would answer 45-65-90 etc. Then a finger across the throat would register his difficulty in getting enough nourishment. Two hands would next pull down cheeks to indicate hunger. Then a shrug of the shoulders for helplessness. Finally a finger to lips asking for silence.

7. "My husband and I are always hungry—also our child. But we try hard somehow to keep strong. Only the strong will see next April's sun!"

C] Her chances are smaller than Moscow correspondents are forced by their jobs to report. Today all Russia exults in the best crop in 50 years! But—

1. "It's because the farmers are too few," so people answered my inquiry why so much "bread" stood shocked but ungarnered and blackening in late August. Or—"Too weak," or "Too bitter," or "The city clerks are too inexperienced."

2. Why have farmers gone hungry? Because if 100 per cent of all harvested grain is not delivered to government officials 15 or 20 miles away, there may be a firing squad!

3. But even a "best" harvest may bring hunger if Government: (a) exports too much in order to get Valuta or foreign credit for buying machinery; or (b) puts too much aside into its War Grain Chest; or (c) figures that a few more million starved might "persuade" farm and factory workers to cooperate!

D] As the result of the above, Russia's workers are now reported as everywhere engaged in the "Battle of Passive Resistance."

Please note that I observed many gains over five years ago—new buildings, more factories, better pavements, more recreation parks and worker "palaces of culture," less illiteracy, more opportunity for night study, etc. Nevertheless, I am forced to believe that, in spite of their intelligence, honesty, and idealism, the Kremlin High-Ups are stumbling at the crucial, main-spring point of interesting the worker in his work.

My experience in labor gangs convinces me that few employers ever lick passive resistance. I predict, accordingly, either more "capitalistic" ways of handling workers or else increased difficulties.

V. So I arrived home with two conclusions:

First, that every loyal American should cooperate to the fullest with NRA, but,

Second, that NRA measures should
(Continued on page 53)

Making Jobs by Building Homes

By WARREN BISHOP

★ THE Federal Government is going into the business of building low cost housing. It will do it by lending money to limited dividend corporations if local interests are willing to advance part of the money. It may do it by handling the whole job itself through the Public Works Emergency Corporation just organized in Delaware. It may yet find some way to stimulate private building.

But, one way or another, the Administration is going to carry out that part of the National Industrial Recovery Act which, "to reduce and relieve unemployment," set aside \$3,300,000,000 to be spent by a Federal Emergency Administration of Public Works on various projects including "construction, reconstruction, alteration or repair under public regulation or control of low cost housing and slum clearance projects."

President Roosevelt made his Secretary of the Interior, Harold L. Ickes, Administrator of Public Works and under him, Robert David Kohn, a New York architect, Director of Housing.

The bill talks of low cost housing and slum clearance, but if you ask Director Kohn about his plans he will name the relief of unemployment as a prime objective. Low cost housing is good, slum clearance is good; both admirable things, he will agree, but getting men at work is the one pressing job before the country; and men must be put to work soon, he insists. That's why in all the progress reports that issue from his office, you'll find such phrases as these:

"Work can be started on this project in about 30 days, giving approximately 1,000 men direct employment on the job for a year."

"The project will give direct employment to 800 men on the job for 18 months."

"Work can be begun within 60 days and approximately 250 men will be employed directly on the job for about eight months."

In planning the spending of the \$3,300,000,000 allotted public works by the Recovery Act, no fixed amount was set aside for housing and slum clearance. Inevitably there was a rush for the money from every quarter of the country. Men with housing ideals and hous-



The housing project contemplates elimination of scenes like this but the first consideration is making jobs

ALREADY 150 projects are seeking a share of the money the Government has provided for better housing. Here are some of the considerations which will govern allotment of the money

ing ideas saw a chance to put their pet projects into effect. Individuals and communities who see in government spending a chance to get something for nothing came to Washington with proposals. Cities from coast to coast looked over their slums and considered their needs for low cost housing.

Investigating all inquiries

BY November 1 more than 150 applications were before Director Kohn.

In each case, unless the project was obviously ridiculous, an inquiry was made. An investigator was sent into the community seeking the answer to such questions as these:

Is there a real and permanent market for the proposed new low cost housing

or would existing facilities supply the need in event of business recovery?

How soon can work begin?

Is it a genuine slum clearance?

In most cases inquiry shows quickly that the project does not meet the Government's conditions. Yet, by November 1, loans totaling \$50,000,000 had been "tentatively" approved on 19 projects although in only one case had money actually been advanced.

What sort of project would have the best chance of approval by Mr. Kohn and Secretary Ickes? One that:

1. Provided employment promptly.
 2. Replaced existing slums.
 3. Did not merely supplement existing and fairly adequate housing.
 4. Was truly low cost. By low cost, the
- (Continued on page 48)

Synopses of Codes Approved under The National Industrial Recovery Act

OCTOBER 3 - OCTOBER 11

NUMBER indicates notice of hearing. Date shows when approved. In general, the codes pledged full support to the Act's provisions:

That employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; that no employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and that employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

INDUSTRY	Maximum Hours per Week	Minimum Wages	Employment of Minors	Production Control	Trade Practices	Labor
(99) Motor Vehicle Retailing Trade (Oct. 3)	44, except for outside commission salesmen and watchmen; store operation set on minimum of 52 hours per week unless on lower basis before July 1, 1933.	\$15 per week in cities of 500,000 or less, with provision for at least one washer, greaser, porter, helper, etc. in each store at less than \$13; in stores of more than 19 employees, number receiving less than \$13 must not exceed ten per cent; commission salesmen to have drawing accounts ranging from \$10 to \$17.50 per week according to population; mechanics 50 cents per hour, unless rate on July 15, 1929 was less, but not less than 40 cents.	None under 16. If state laws provide higher minimum, it is to be observed.		Used car allowances to be determined on basis of averaged sales price in any market as established by National Automobile Dealers Association; minimum selling, handling and conditioning charge ranging from five to fifteen per cent; inaccurate advertising, misrepresentation of merchandise, disparagement of competitors prohibited.	
(53) Agricultural Imple- ment Industry (Oct. 3)	40, yearly average not more than 48 per week (8 hours per day) for factory, clerical, accounting services, sales, etc.; 10 per cent tolerance for employees in preparation of production and plant facilities; emergency work excepted; outside salesmen, field service and repair foremen, employees receiving more than \$35 per week not covered by maximum hours.	\$12 to \$15 per week for accounting, clerical, service, sales, express or delivery employees, according to population of city or immediate trade area. Factory workers to be paid hourly minimum wages ranging from 30 to 40 cents, with female labor receiving 5 cents less per hour; office boys, learners, 80 per cent.	None under 16.		Selling below cost, except under defined circumstances, making special price concessions, etc., prohibited.	
(52) Boiler Manufacturers Affiliated Industries (Oct. 3)	40, except executive, administrative and supervisory employees, traveling and commission staffs; limitations qualified by peak hours and emergency work.	34 cents per hour in South; 40 cents per hour elsewhere; others, except commission salespeople, \$15 per week; office boys and girls, 80 per cent.	None under 16. If state law provides a higher minimum, it is to be observed.		Effective method of cost accounting required; selling below cost, use of "loss" leaders, rebates, circulation of threats, etc., prohibited.	New apprentices to be employed only with consent of Administrator.
(49) Builders Supply Trade (Oct. 3)	40, except executives receiving more than \$25 per week, branch yard managers, yard foremen, department heads, outside salesmen, watchmen.	From 50 cents per hour in New York City to 35 cents per hour in the South, with differentials of five cents and ten cents less per hour, depending on size of cities; same rates for office and clerical staffs, no employee to receive less than \$12 per week of 48 hours.	Legal limits provided by state laws to be complied with in each state.		Secret rebates, deviation from uniform contracts and terms, defamation of competitors, commercial bribery, enticement of employees of competitor, etc., prohibited.	

(56) Electric Storage and Wet Primary Battery Industry (Oct. 3)	40 for employees in processing; employees in executive, sales and supervisory positions; receiving not less than \$35 per week, excepted.	40 cents per hour for processing, unless lower rate was paid July 15, 1929, but not less than 90 per cent of minimum; all others, except commission salesmen, \$15 per week; office boys and girls, 80 per cent.	None under 16 and none under 18 years in factory work. No women to be employed where they would be exposed to an appreciable bad hazard.	Failure to mark batteries, giving of fictitious guarantees, misrepresentations, excessive allowances to customers prohibited.
(47) Glass Container Industry (Oct. 3)	40 over a six months period, but not more than 48 in any week; executives, supervisors, salesmen, technical, laboratory staffs, etc., excepted.	40 cents per hour unless hourly rate July 15, 1929, was lower; if so, latter rate to apply; 30 cents per hour the minimum; apprentices and learners, 80 per cent.	None under 16. None under 18 in any hazardous manufacturing.	Inducing breach of contract, defamation of character, simulation of trademarks, commercial bribery, etc., prohibited.
(77) Ice Industry (Oct. 3)	40 for office or clerical; 48 for employees other than clerical, executive or supervisory, to be averaged over 12 months' period, but not more than 56 in any week.	23 cents per hour in Southern territory, and 32½ cents per hour elsewhere; drivers' helpers (South), 80 per cent of minimum.	None under 16. If state law provides a higher minimum, it is to be observed.	Selling below cost, as defined, relating, misbranding, commercial bribery, guarantees against price decline, etc., prohibited.
(27) Knitting Machine Industry (Oct. 3)	40, averaged over six months' period, except for emergency maintenance and repair work, executives and outside salesmen.	40 cents per hour, except learners, 80 per cent; \$14 per week for clerical and office staffs.	None under 16. None under 18 on hazardous metal-working machinery.	Price discrimination, commercial bribery, etc., prohibited.
(33) Laundry and Dry Cleaning Machinery Manufacturing Industry (Oct. 3)	36 for employees in processing; 40 for others, except executives, traveling salesmen and service staff; hours qualified by seasonal demands and emergencies.	40 cents an hour for processing; casual and incidental labor 80 per cent; others \$14 per week; office boys and girls, learners, 80 per cent.	None under 16. If state law provides a higher minimum, it is to be observed.	Sales below cost or below individual current price list, rebating, commercial bribery, inducing breach of contract, false statements, disparagement, etc., prohibited.
(21) Lime Industry (Oct. 3)	Not exceeding 8 per day or 40 per week, except in seasonal demands or emergencies; foremen, salaried officials, etc., excepted.	30 cents per hour in Southern territory; 37½ cents in North, accounting, clerical, and office staffs, \$12 to \$15 per week.	None under 16.	Sales below cost, commercial bribery, lump sum bidding, false branding, defamation, etc., prohibited.
(75) Luggage and Fancy Leather Goods (Oct. 3)	40, or 8 hours per day, except executives, outside salesmen, watchmen, and emergency repair crews; 48 for engineers, shipping force, firemen, drivers.	35 cents per hour (male), 32½ cents (female) in North; 32½ cents and 30 cents in South, learners, 80 per cent of minimum.	None under 16.	Secret rebates, commercial bribery, inducing breach of contract, imitation of trade marks, design piracy, etc., prohibited.
(30) Retail Lumber and Building Materials Industry (Oct. 3)	40, excepting executives, salesmen, and branch yard managers; dealers in towns of less than 2,500 exempted; 44 for yard foremen, and for drivers and helpers, with some qualifications by contract.	From 35 cents per hour in the South to 50 cents per hour in New York City, with differentials determined by size of city; clerical workers paid at rates as above, but not less than \$12.	None under 16.	Inducing breach of contract, commercial bribery, substitution of products, etc., prohibited.
(45) Textile Machinery Manufacturing Industry (Oct. 3)	40, except executives, supervisory staff, outside salesmen, repair and maintenance crews, engineers, electricians, in peak demand periods, not to exceed 48 per week for not more than eight weeks in any six months.	\$14 per week for accounting, clerical, office employees; 35 cents per hour for all others except outside helpers, shippers, apprentices and watchmen.	None under 16. If state law provides a higher minimum, it is to be observed. None under 18 in any hazardous occupation.	Selling below cost, selling copied or duplicated machines of established builders, and sale below established costs, rebates, etc., prohibited.

INDUSTRY	Maximum Hours per Week	Minimum Wages	Employment of Minors	Production Control	Trade Practices	Labor
(66) Women's Belt Manu- facturing Industry (Oct. 3)	40, except executives and salesmen, eight hours in any 24-hour period.	\$28 per week for cutters; \$25 for strippers; \$17 for operators; \$14 for unskilled labor and office staffs; \$12 for outside errand boys.	None under 16.		False or derogatory refer- ences, to competitors or products in advertising, false marking of products, etc., prohibited.	No home work permitted.
(90) Saddlery (Oct. 3)	40, averaged over 4 months but not over eight hours in any 24-hour period except with payment of overtime; watchmen, bookkeepers, out- side salesmen, supervisory staff and executives excepted; office workers, stock clerks, porters, etc., 40 hours averaged over 26 weeks; re- pair and maintenance work excepted. Machine repair- men, factory engineers, fire- men, 40 per week not aver- aged.	25 cents per hour, 32½ cents in Southern States; differential of 15 cents in favor of skilled labor; be- ginners, 80 per cent.	None under 16. If state laws provide higher minimum, it is to be observed.		Selling below cost, shipping on consignment or on terms that are evasive of those established by the code, misbranding, etc., prohibi- ted.	
(85) Silk Textile (Oct. 7)	40 for productive employees; 40 hours, or 480 hours in any 12 weeks for other em- ployees except repair shop crews, engineers, electri- cians, supervising staff, ship- ping, watching and outside crews, not over 48 hours in any week; repair shop crews, etc., to have tol- erance of 10 per cent.	\$12 per week in South; \$13 per week in North; learners 80 per cent, physically in- capacitated employees may be employed at standard piece rates with a minimum of \$8 per week to the ex- tent of one per cent of total employees of each employer.	None under 16. If state law provides a higher minimum, it is to be observed.	Two shifts of 40 hours each per week for productive ma- chinery.	Equal terms and prices to all making similar pur- chases. Selling below cost, shipping on consignment prohibited, strict conforma- tion to standard terms for bands, ribbons, threads, flosses, spun yarns, fabrics, etc.	
(31) Optical Manufacturing (Oct. 9)	40, with exceptions for sea- sonal demands. Supervisory staffs, outside salesmen, emergency crews, exempt.	43 cents per hour for work- ers where wages total not less than 75 per cent of pay- roll; 32½ cents per hour for workers whose wages to- tal not more than 20 per cent of payroll; 25 cents per hour for those whose wages total not more than 5 per cent of payroll. (Learners, errand boys and girls.)	None under 16. If state law provides a higher minimum, it is to be observed.			
(42) Automatic Sprinkler Industry (Oct. 9)	40 for construction and man- ufacturing labor, account- ing, clerical and office em- ployees; outside salesmen and executives receiving more than \$25 per week; watchmen, 56 hours.	43½ cents per hour for con- struction labor in North, 37½ cents in South; em- ployee labor 80 per cent; man- ufacturing labor 40 cents; accounting, clerical, and office employees \$14 to \$15 per week; office boys, 80 per cent.	None under 16, except where state laws provide otherwise.		Selling below cost, or to irresponsible, inexperienced, incompetent contractors or owners. Failure to comply with rules and regulations of insurance or governmen- tal authorities, bid padding, rebating, etc., prohibited.	
(81) Umbrella Industry (Oct. 9)	40, or eight hours per day, generally; executives, out- side salesmen, employees on emergency repair work, and watchmen exempted.	25 to 65 cents per hour (New York City); 32½ to 60 cents outside; learners, 80 per cent of minimum.	None under 16, except where state laws provide a higher minimum.		Commercial bribery, induc- ing breach of contract, mis- branding, payment of re- bates, circulation of false statements, etc., prohibited.	Home work prohibited.
(117) Handkerchief Industry (Oct. 9)	40, except repair shop crews, machinists, electri- cians, and drivers, 45 hours; outside salesmen, ex- ecutives, watchmen, engi- neers, firemen, receiving not less than \$25 per week, ex- empted.	\$13 per week in North and \$12 per week in South; learners, 80 per week.	None under 16.	No machine operated by power or hand to operate more than 40 hours per week; except by permission of the Code Authority.	Commercial bribery, relation, stock production, price guar- antees, limitation of trade marks, disseminating false information about competi- tors or goods, etc., prohibi- ted.	Home work prohibited ex- cept for handkerchiefs made entirely by hand.

<p>Mutual Savings Banks (Oct. 9)</p>	<p>40 for banking employees averaged over 13 consecutive weeks; may extend to 48 per week for not over 12 consecutive weeks in any year in seasonal and peak demands; limitations do not apply to work caused by ex-animations, to employees in banks in towns of less than 2,500 with not more than two employees, to executives receiving more than \$35 per week, and to night watchmen.</p>	<p>\$12 to \$15 per week according to population of city; apprentices, 80 per cent.</p>	<p>None under 16. If state law provides a higher minimum it is to be observed.</p>	<p>To be presented in supplementary code.</p>
<p>(39) Throwing Industry (Oct. 11)</p>	<p>40, except supervising staff; 44 hours when necessary for non-production employees.</p>	<p>30 cents per hour in Southern section and 32½ cents per hour in Northern section; 43.3 cents per hour for skeleton shifts in North; 40 cents per hour in South; casual and incidental labor, 80 per cent; learners, 20 cents to 26 cents per hour.</p>	<p>None under 16. If state law provides a higher minimum it is to be observed.</p>	<p>Two shifts of not more than 40 hours each, except in case of reduced force.</p>
<p>Heat Exchange Includes: Compressed Air Industry Pump Manufacturing Industry (Oct. 11)</p>	<p>40, except in seasonal or peak demands, when hours are not to exceed 48 per week for any six weeks in any six months; limitations not to apply to employees on emergency maintenance or repair work or to cases where restrictions of hours of highly skilled workers would reduce or delay production.</p>	<p>40 cents an hour to employees engaged in processing; qualified by rate on July 15, 1929, but in no case less than 35 cents per hour; others \$15 per week; office boys and girls, learners (three months), 80 per cent.</p>	<p>None under 16. If state law provides a higher minimum it is to be observed.</p>	<p>Selling below cost prohibited (determined in accordance with the uniform and standard method of cost accounting set up for the industry).</p>
<p>(22) Retail Trade (Oct. 22) Includes: Boots and Shoes Clothiers and Furnishers Department Stores Dry Goods Furniture Hardware Mail Order</p>	<p>Store hours assigned in three groups; not less than 52 in Group A (employees 40 hours); Group B, may operate 56, but less than 63 (employees not more than 44); Group C, may operate 63 or more (employees not more than 48 hours per week). Exceptions: professional persons, outside salesmen, outside collectors, watchmen, guards, and store detectives, maintenance and outside service employees, executives receiving in excess of \$25; exceptions also noted for Christmas, inventory and other peak periods. Exceptions are qualified by limitations upon number of persons working unrestricted hours. Presidential Executive Order exempts employees engaged only locally in retail trade, who do not employ more than five persons and who are located in places of less than 2,500 not in the immediate trade area of larger communities. (Appplies to President's Reemployment Agreement).</p>	<p>In cities of more than 500,000 population, not less than rate of \$14 for 40 hours, \$14.50 for 44 hours; \$15 for 48 hours; in cities of 100,000 to 500,000, not less than rate of \$13 for 40 hours, \$13.50 for 44 hours, or \$14 for 48 hours; in cities of 25,000 to 100,000 not less than rate of \$12 for 40 hours, \$12.50 for 44 hours, \$13 for 48 hours; in communities of 2,500 to 25,000 all wages to be increased by not less than 20 per cent from rates June 1, 1933, provided increase is not more than rate of \$11 per week but no employee to be paid less than \$10 per week; in places of less than 2,500, all wages to be increased, as above, provided required increase is not more than rate of \$10 per week; learners and apprentices may be paid at \$1 less per week than minimum. Southern wage differential: In cities of over 25,000, \$1 less per week than stipulated above; in places 2,500 to 25,000, wages may be increased 20% above rate June 1, 1933. Provided indicated increase is not more than \$10 per week, no employee to be paid less than \$9 per week; in places less than 2,500, increases as above with rate limited to \$9 per week.</p>	<p>None under 16; persons 14 and 15, three hours per day, six days per week, or one day per week, not to exceed eight hours.</p>	<p>False and misleading advertising, disparagement of competitors, improper use of NRA label forbidden; no prison-made goods to be sold except merchandise of institutions offering wares on competitive basis, non-negotiable script, company checks or other evidence of wage payments not acceptable for merchandise (effective March 1, 1934) credit not to be extended through wage deduction agreements with other employers, unless arrangement is available to all retailers. Use of "loss leader" declared unfair.</p>

TRANSIT INDUSTRY: By interpretation, October 10, of the Code Authority, the maximum work week for train men, bus operators, ticket agents, and related groups is limited to 48 hours per week whenever practicable. When circumstances justify, the provisions permit 10 per cent of the men in this class to work a maximum of 54 hours per week, provided that no individual exceeds this number of hours per week when averaged over a six-months period....

CORRECTION: By order of the President, approving application of the Cotton Textile Industry, the maximum hours of labor of repair shop crews, engineers, electricians, and watching crews in the industry were fixed at 40 hours with a tolerance of 10% (synopsis included in the November issue of Nation's Business showed these occupations excepted).

Cures—Not Miracles

By HENRY I. HARRIMAN President, U. S. Chamber of Commerce

THIS is the first of several articles which President Harriman of the U. S. Chamber will write for NATION'S BUSINESS. In a later issue Mr. Harriman will discuss the Swope Plan for a U. S. Chamber of Commerce and Industry

✓ THE President has presented and Congress has approved an economic program of vital import to this nation, the legislative measures of which fall into four groups:

First Measures designed to give immediate relief to the destitute.

Second Measures to assure a sound credit basis to the Federal Government, and, through the banks, effective credit for industry and business.

Third Measures to protect the ownership of property and to ward off bankruptcy and foreclosures while the program was being worked out.

Fourth and most important a group of measures to improve the social and economic life of the nation, the most outstanding of which were the Agricultural Adjustment Act and the Industrial Recovery Act.

The primary objects of these acts were to raise prices and increase purchasing power; to decrease unemployment and raise wages; and to eliminate bad business practices.

The Agricultural Adjustment Act is one of great complexity and its administration is necessarily influenced by the intricacies and ramifications of almost every agricultural problem. Real progress has been made through marketing agreements, acreage leasing agreements and other devices all of which have as their objective the adjusting of production to demand and thus the establishment of fair prices for farm products. Among the commodities already covered by such agreements are wheat, cotton, corn, hogs, tobacco, rice, milk in certain sections, and many western fruits.

The Agricultural Adjustment Admin-

istration has also recently adopted the policy of making loans on some of this year's basic crops, subject to agreement by the producers to limit production in succeeding years. By means of these loans, it is hoped that the prices of such crops as cotton, corn and wheat will be stabilized at what the Agricultural Adjustment authorities consider reasonable levels.

Action has thus far been delayed on many important codes affecting the processing and marketing of foods. This has necessarily unsettled that important field of business, and it is of great importance that such codes be acted upon as promptly as possible.

Restoration of farm purchasing power is now generally accepted by business as essential to reemployment in the cities. Increase of the farm income to its normal of \$9,000,000,000 not only would help the farmer but would soon put millions of the unemployed in the cities back to work making goods which the farmer would purchase.

Expecting a miracle

UNFORTUNATELY, the farmer, the laborer and the business man each looked upon the industrial recovery program as a device to restore his own prosperity. They prayed for a cure but expected a miracle. Cures, for the body politic as well as for the human body, are merely aids which enable natural recuperative powers to restore health. They take time. They do not instantly obliterate the ravages of disease. They do, however, prevent physical and economic collapse and death.

Miracles, if there are miracles, are expected from magic elixirs. One draft taken and the economically lame and

halt walk, the blind see and even the dead are brought to life.

The program authorized by Congress is a program of cures, not miracles. Much of the dissatisfaction now apparent in all groups grows out of disappointment over its failure to achieve the impossible, and the realization that the cure was not a miracle.

The efficacy of a cure is written, not in overnight recovery, but in improving symptoms. How have the business symptoms changed as a result of the prescriptions written by Congress?

The curve of industrial activity, using the 1923-25 average as a basis of 100, had fallen almost continuously from 1930. Eliminating seasonal fluctuations, industrial production reached a point of 106 in January, 1930. By March, 1933, it had fallen to 60. From that point it rose with increasing rapidity to 100 for July. Such a rapid rise can seldom be maintained. The figures receded to 91 for August, and 84 for September. They are not discouraging. The greater part of the gain has been held. The levels for the corresponding months in 1932 were 60 and 66. The symptoms reflect decided improvement.

Other symptoms follow the same trend. The best estimates we have indicate a drop in the number of unemployed from more than 12,000,000 on March 15 to less than 8,000,000 as this is written. Freight carloadings between spring and fall rose by more than 20 per cent over any seasonal rise that is normal. Retail sales stepped up between March and the fall months by the full seasonal amount and 25 per cent more. The market value of bonds listed on the New York Stock Exchange, at par more than 41 billions, had fallen in March to about 30 billions. At the beginning of October it had climbed again to 34½ billions.

From an index level of 49 in February, farm prices mounted to 76 in July and slipped back to 70 in September. The farmer's purchasing power has also expanded. In February his crops would pay for only approximately 50 per cent as much goods as he could have bought with them in pre-war days. In October this purchasing value had risen to 60 per cent.

These are definite symptoms measured.
(Continued on page 44)



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Charting the Course of Business...

The new Swope plan . . .

★ **SELF-GOVERNMENT** by business through its own organization is an abiding faith with Gerard Swope, president of General Electric. There was a "Swope Plan" long before Herbert Hoover gave way to Franklin Roosevelt, the New Deal and the NRA.

It was natural, then, that Mr. Swope should propose a plan for industrial self-government under the NRA; one which in his opinion would give the maximum of self-government with a minimum of political interference.

Mr. Swope suggests "a new national chamber of commerce and industry which may well be a development and enlargement of the present Chamber of Commerce of the United States." This new body, as Mr. Swope visioned it, would have three main divisions—of Commerce or Trade; of Industry or Manufacturing, these to be made up of "codified" national associations; and of local associations. It should have an economic and statistical bureau to which Mr. Swope contributed the Industrial Conference Board and a Bureau of Standards for which Mr. Swope threw in the American Standards Association and added part of the federal Bureau of Standards.

In this new super-body of business men, the Secretary and Assistant Secretary of Commerce would be members of a Board of Governors which should in turn choose a Board of Appeal on questions arising under the codes. To this Board of Appeal would be added members chosen by the President.

Mr. Swope's proposal was of necessity a trial balloon. It was thrown out as a scheme to be discussed, considered, altered, approved, rejected. The repercussions to it were immediate and interesting. Organized labor raised a loud cry of protest; representatives of the consumer insisted his interest would be neglected in such a set up; business organizations protested that the Chamber should not lose its identity by becoming a sort of arm of Government. The Chamber itself said little and thought much. No such sweeping changes could be made in its bodily structure without action, not only by its Board, but by its 1,700 member organizations.

The Swope Plan merits the careful consideration of business, but it is not a plan to be hastily adopted.

No rule by minority . . .

★ **IN** discussing the Swope plan for control of industry by industry, the *Financial Chronicle* says:

There is something alluring in the suggestion of a national organization like the United States Chamber of Commerce and Industry, but all bodies of that description soon pass under the control of a few aggressive individuals. How many members ever

attend the annual meetings of the United States Chamber of Commerce? The Chamber of Commerce by no means stands alone in that respect. The state of things is the same in the case of all large bodies.

The result is that a few individuals take upon themselves the inside management of affairs and draw up rules and regulations which are submitted for adoption to the limited membership present, and of course get approval without much regard to their merits.

A wrong picture of the Chamber of Commerce of the United States. Its annual meetings are attended by some two or three thousand delegates and visitors. Its annual meetings do adopt resolutions, but the most important policy forming of the National Chamber is done not at the annual meetings, but in the carefully worked out questions with arguments for and against which are submitted by referendum to the votes of the 1,700 organization members.

Business has cooperated . . .

★ **PUT** aside all discussion of the merits and demerits of NRA. Stop asking and arguing whether recovery started before or after the Recovery Act was passed.

Give up the endless argument as to whether the blanket code and the Blue Eagle were wise or unwise.

Don't bother your head about the wisdom or foolishness of the public works program.

But for the moment, as an American business man, take pride in this: that there never was a heartier, a more sincere, a more willing answer to a call from Government than was made by American business when it was asked to formulate new rules, to put aside old animosities, to meet new conditions, in an effort to get the nation on the road to recovery.

Men came to Washington, sat down with their competitors, ironed out their differences and submitted agreements to Government. If these agreements were thrown back at them, if more concessions were asked, they began to write a new code that would find favor with the authorities.

Business has shown its sincere readiness to cooperate with Government in trying to work out a new deal, in trying to set up a way in which evils of unrestrained competition, of ruthless wage cutting and price cutting may be checked. It has in a hundred instances forgotten profit in its willingness to raise wages and shorten hours for the common good.

Whatever the outcome, the record of American business in these trying days is clear.

Learning from competitors . . .

★ **WHATEVER** sacrifice business men may have made in the days and weeks spent at meetings outside or inside

Washington, there has been a by-product of good in the broader understanding they have gained of their own industries and the men in them.

Twice in one week recently men said this to me: that the knowledge and the acquaintance they had gained was of inestimable value.

In the early days of code planning and code making a manufacturer asked a Washington acquaintance what his first move under the new law should be.

"Pick out the competitor you hate most," said the friend. "Then put on your hat and go to see him. Try to find out what's wrong in your industry; on what points you think you can agree and on what you are quite sure you can never agree."

Many a man at code hearings has found that the other fellow isn't so bad after all; that business methods he had denounced had some justification.

Child labor eliminated . . .

★ A FREQUENT statement in support of NRA is that it has "abolished child labor." Much of the talk has been directed at the cotton industry and an impression seems to have grown up that thousands of children of ten or 12 years were at work in the cotton mills of the country.

David Clark, editor of the *Textile Bulletin*, points out that it has been 12 years since any child under 14 could be legally employed in a cotton mill in the United States. Moreover on the census figures for 1930 only 236 violations of the child labor laws were reported in the cotton mills of the country—not a very large number in a population of nearly 10,000,000 from ten to 13 years of age. In addition those are the results of a house to house canvass and it is conceivable that of the 236 a good part went to work saying they were 14 or over.

Not unnaturally, the cotton textile industry, with Mr. Clark and his *Textile Bulletin* as its spokesman is aroused by such statements as this:

"In cotton textiles we got low costs by levying on the formative years of childhood and moving into areas where we could pay depression wages and still get away with it.

"In this fashion we nearly ruined one of the greatest of our industries. You know the sordid story as well as I."

Bargains—and bargains . . .

★ WHEN is a bargain a bargain?

A New York department store recently discussed the question, as it relates to men's shirts, in a full page advertisement. They illustrated a collar-attached shirt, "pre-shrunk fast color broadcloth of long staple cotton yarn" at 89 cents. They pointed out that this shirt "and tens of thousands like it were sold just a few months ago," that "the man that grew the cotton for it lost money," that the mill workers who spun the cotton into yarn and who wove the yarn into fabric "received starvation wages," that the girls who fashioned it into a shirt "tried to keep the wolf from the door with \$5 a week, and . . . even less," that "their employer lost money," that the retailer was forced to sell it "at a price which would attract you to buy it, but which netted him a loss."

"At 89 cents," the statement continued, "it was a bargain. A bargain built on misery . . . distress . . . losses . . . and suffering, all along the line."

Adjoining the first illustration was another. It showed a shirt just like the first, but priced at \$1.25. "Here is another shirt," continued the advertisement, "manufactured under the Code of the NRA. Looks just like the other one, but it's different. True, the cotton is the same, the machine made material is the same, BUT the workers now receive at least \$13 a week. The workmanship, however, is different. Girls that are now receiving a living wage do better work than they did with hungry stomachs. . . . At \$1.25, it is a *real*

bargain, a *sound* bargain, *sound* for your welfare and the welfare of our country."

In a footnote this store generously offered to send reproduction proofs to any firm wishing to reprint or publish the advertisement over its own signature. This offer apparently was accepted by a Washington, D. C., store, for six days later that store reproduced the advertisement almost, but not quite, exactly. The difference lay in the price tag put on the second shirt. One declared that "at \$1.25 it is a *real* bargain." The other stated quite as positively that "at \$1.09 it is a *real* bargain."

The 16 cent difference—which represents increases of 23 per cent and 40 per cent over the 89 cent price quoted by both stores—is sufficient to arouse vague wonderings and some puzzlement in the mind of the prospective shirt buyer as to which is really the "real bargain," just how much of the increased cost of the second shirt is, in fact, attributable to the "Code of the NRA" and a number of other questions. Doubtless he will end up, as prospective shirt buyers have been doing since man first acquired the habit of wearing shirts, by shopping around a bit and picking up the best one he can for the least money—and this without giving a thought to the economic welfare of cotton grower, mill hand, or retailer.

Enforcing the NRA . . .

★ RECENT weeks have seen emphasis shift from the adoption of codes and marketing agreements to their enforcement. Newspapers have carried stories of injunctions, hearings, withheld contracts and vocal castigations. All this gives the impression that separate enforcement agencies or methods are provided for every possible violation. The result is more confusion than there ought to be.

Behind all the excitement, the fact remains that only three kinds of regulations need special enforcement machinery. These are the codes approved by the National Recovery Administration—NRA for short; the marketing and acreage agreements approved by the Agricultural Adjustment Administration—AAA for short; and the President's Reemployment Agreement, known as PRA, or the blanket code.

PRA expires December 31. Those who signed it merely promised the President that they would abide by the blanket code until codes of their own industry were approved. This Agreement is enforceable by local compliance boards which held hearings, passed their findings on up to regional compliance boards and, as a final "court" of appeal, on to NRA. All these compliance boards expire with the Agreement.

The NRA codes and the AAA agreements carry on, however. Those bound by them can violate them in only three respects: they can be unfair to their labor, unfair to their customers or unfair to their competitors. Complaints of violations are most likely from one of these sources.

The NRA has tentatively set up an organization to handle such complaints. The pattern follows that of the PRA compliance boards. Complaints would first be made to a local agency. Failing adjustment there, they might be carried to regional boards and finally to a National Compliance Board.

None of these boards has power to prosecute. If violations are proved and the party at fault does not desist, the attention of government prosecutors may be called to the case and criminal prosecution may follow. Failure to sign a code doesn't prevent one from violating it. A man's relation to the code of his industry resembles that of a motorist to the traffic laws. The motorist need not sign the traffic laws. If he violates them, however, he may be prosecuted.

The AAA marketing agreements resemble the NRA codes. Under them a group of processors or distributors draw up rules governing operation of their business in their territory. When a majority of the trade and the Secretary of Agriculture agree on the rules, the AAA establishes those rules as law and licenses all operators in the territory.

Any licensee who violates them may be summoned to a hearing. These hearings so far have been held in Washington with a member of the AAA legal division presiding. If the violation is proved and the offender refuses to mend his ways, his license is taken away. If he operates without it, the case is referred to the courts.

Under the acreage adjustment agreements, farmers promise to reduce their planting of certain crops. The Government agrees to pay them certain sums for taking this action. If they plant more than they have agreed, the Government withholds any sums not yet paid, and presumably will act to recover whatever sums it may have advanced. The Allotment Committee of the local Production Control Association corresponds to the local compliance board under the codes.

Some aggrieved parties, seeking immediate action, have sought injunctions against alleged offenders. Such action is not expected to become popular. The person seeking the injunction must risk the cost of the action. If he proceeds through constituted channels, the Government will bear the cost.

Breaking up small towns . . .

★ IN PROJECTS so vast and so new as those set on foot by the Administration there are bound to be contradictions and inconsistencies. One of them which is attracting more and more attention is that the same Administration which is seeking "the redistribution of the overbalance of population in industrial centers" is, by the leveling influence of codes on wages, making it hard for the small town industry to survive.

Here's a case in point. A large manufacturing business has a century old plant in northern New England. It was the parent plant of the business and is the chief dependence of a town of seven or eight thousand. The plant is handicapped by heavy transportation costs and distance from raw materials. Those conditions are offset by somewhat lower wage levels than in the company's plants in larger industrial centers. In turn the lower wage is offset by the fact that the town is truly one of "subsistence homesteads" since almost every worker cultivates a garden and perhaps keeps a cow.

If no differential in wages is allowed, the company may have to close this plant. To do so would defeat the purpose of the section on subsistence homesteads in NIRA, a phrase from which is quoted above. Moreover it would kill a community. The condition here described is no single instance. Like complaints come from all over the country.

Oriental immigration . . .

★ FOR several years the belief has been growing that immigration from Japan and other Far Eastern countries should be established on the same basis as the quotas of European countries. The quota limit system, which we applied to European countries in 1924, embodies a non-discriminatory method of immigration restriction which is entirely adequate numerically to control immigration from Japan, China and the Far East. If placed under its operation, Japan would have a quota of approximately 185 a year and China a quota of approximately 105 a year.

These figures show that extending the quota system would not let down the bars for an influx of Orientals. The administration of our immigration laws adequately safeguards the character of immigrants who can be admitted.

Upon the initiative of business men and others on the Pacific Coast proposals to extend the quota law to Japan and other countries of the Far East have recently been brought prominently to the public's attention. The purpose of these proposals is to retain and augment the growth of mutual good will between our country and the Far East. This mutual good will has suffered from the so-called exclusion clause in our 1924 quota law, rather than from extending our quota regulation to Far Eastern countries.

As a practical matter of control of Far Eastern immigration, the quota system is adequate. The initiative for the change appropriately is coming from that part of the country most directly interested.

Some one must pay . . .

★ A CITIZEN of New York of distinguished family was running for public office. To promote his campaign he took a page of advertising giving his answers "to the questions most often asked me." Here is one question and its answer:

Would this public works program impose a great burden on the taxpayers of New York City?

There would be no increased burden on the taxpayer for carrying out a public works program, because 30 per cent of the funds needed may be obtained as a grant or subsidy from the Federal Government, and the remaining 70 per cent from the Federal Public Works Administration as a loan to be repaid over years at a very low rate of interest.

Where, oh where, does this applicant think the United States gets its money? It gets it from the taxpayers' pockets.

And the Second Internal Revenue District of New York (Manhattan Island) pays about one-seventh of the nation's Internal Revenue Taxes.

Inflation . . .

★ A GREENISH banknote flutters to the floor as we pull a letter from its envelope. We grab for it. Too late. Down on our knees then, and under the desk after it. A period of reaching and straining. We emerge triumphant.

We settle back in our chair, examine our find, look at the letter. We should have looked sooner and spared our aging bones their labor. The banknote wasn't worth it, as the letter writer, Mr. E. M. Stein, circulation manager of *The Wall Street Journal*, takes pains to point out. His letter says:

"Will you accept the enclosed genuine German banknote (for 100,000 marks) with our compliments? . . . Yes, it's a real Reichsbank note, put out by the German Government. Before the War, 100,000 marks were worth \$23,820 in our money. But eventually it took a trillion marks to get a mark worth 24 cents in gold. That is what uncontrolled inflation did to German money. As fast as new marks were circulated, the old ones dropped in value, until a man's only chance to get ahead lay in putting his money into goods or real estate or securities, just as fast as he could lay hands upon it."

In Germany, the cry was for more money, just as it is in this country today. Doubtless, however, our most ardent inflationists would look with abhorrence on thousand-dollar bills fit only to serve as envelope stuffers. So, too, must German inflationists have felt in the early days of the mark inflation.

Municipal ownership . . .

★ A NUMBER of cities voted last month on projects for building municipally owned electric light and power plants. Most of them said "no" to the proposal. Camden, N. J., was an outstanding exception. There the voters after the liveliest kind of a campaign decided for a city-owned plant. Akron went for municipal ownership by a close vote. Cincinnati was against the idea. So were Youngstown and Portsmouth. Salt Lake City rejected by three to one a bond issue of \$18,000,000.

Public ownership folks always are ready to explain why such results really do not count. This year they'll say fear of the expense, but in many cases money could have been had from the Federal Government. Next year, if such projects are rejected, there'll be another reason.

No one can say with certainty that the election results indicate a trend toward or from municipal ownership, but it is surprising that with the lure of federal money there wasn't a more determined movement toward city-owned plants.

The American Scene

Money "I want to preach a sermon for the true doctrine of money. I start out by protesting against the all-too-common opinion that the American people are worshippers of money above all others. I believe that the American people care less about money than others. I believe that one of the reasons for certain disastrous results in our civilization . . . is . . . the fact that we do not care enough about money; we do not worship money enough; we do not have a proper opinion and reverence for money. . . . We talk about it as filthy lucre. . . . My friends, unless it is made so, there is no such thing as filthy money. Here is a dollar. What is it? The symbol of the faith of a nation—the symbol of the toil of man, the symbol of the sacrifice of a people."

THE VERY REVEREND MILO HUDSON GATES,
Dean of the Cathedral of St. John the Divine, New York

Crisis "This is the critical hour. The events of the near future will demonstrate whether there is in this people the power to pull themselves out of the most desperate hole into which this country ever got. The spotlight is on the President's recovery program. It is on industry which is being organized now with lightning speed. It is on labor which is also being organized at a headlong rate. You have the ball. Will you hold it firm and carry it across the last white line or will you fumble it like an untrained team and ruin the greatest chance that human workers were ever given? I am speaking to leaders of organized labor."

GEN. HUGH S. JOHNSON,
address to the American Federation of Labor convention, Washington

Jitters "Our social sickness has not been caused primarily by organic defects in the body economic, such as industrial technology, insufficient currency or unstable credit. It is a functional sickness from which we are suffering. And the nervous disorder which has made us a prey to the harpies that pounce upon our possessions and our peace of mind alike comes from the violation of the eternal justice which no legislative statistics or administrative orders can create, amend or repeal."

DR. DAVID S. MUZZEY,
Professor of History, Columbia University,
speech to the Society for Ethical Culture

Offense "The National Recovery Act offends both the letter and the spirit of the entire Constitution."

REPRESENTATIVE JAMES M. BECK,
Solicitor General under President Harding

Extinguisher "We are now certain that the Recovery Program is carrying us out of the depression into which we were plunged by the fatal policy of letting things alone. . . . We have recovered from hard times

Parts spoken on and
off the stage by
players who write
their own lines . . .

in the past without any program at all. But what did we recover? A false brand of prosperity containing within itself the seeds of another more disastrous depression. The remarkable feature of the New Deal is that it does not stop with having put out the fire. We are now going to make the house fireproof."

SENATOR ROBERT F. WAGNER,
Chairman of the National Labor Board,
radio address

Criticism "We shall have many difficulties, we shall have much criticism, we shall have many disagreements, I doubt not, at home and abroad, but I console myself with this thought that 'dogs bark but the caravan passes on'."

MONTAGU NORMAN,
Governor of the Bank of England,
address at the Lord Mayor's dinner in London

Bewilderment "When I went away three months ago I said that I did not know what the new banking laws meant and that we would have to find out first and then do whatever we were supposed to do, for it is the business of the banks to obey the law—but I don't know yet what that means."

J. P. MORGAN to ship news reporters
on arriving at New York from England

Emergency "I cannot view a socialistic state with complacency. As an emergency measure, government regulation and control of industry is a great democratic act of co-operation. As a permanent thing, it is state socialism. I propose to do what I can to keep it an emergency measure."

GOVERNOR JOSEPH B. ELY, Massachusetts,
address in Chicago to the Commercial Travelers' Association

Marplots ". . . today we hear again rising the chorus of the discredited prophets of other days. They cannot deny that the nation has climbed out of the depths of disaster, since March third, and that it is now moving forward on a well defined road to permanent recovery. But they have slowly gathered enough courage to begin to proclaim solemnly that since we were nearly dead on March third we were bound to get better and it has only been an impediment to our recovery for the national Administra-

tion to try to nurse us back to health. . . . If the discredited prophets of the old era do not know that they have died, the American people will, upon the first occasion which is offered, give them a magnificent burial."

DONALD R. RICHBURG,
General Counsel, NRA, address to the National Association of Insurance Agents, Chicago

Medieval "From a democratic people governing themselves and electing representatives we are today little if any better than a nation of subjects dominated by an army of officials modeled after Russia. Whatever one may think of the present scheme of government control of industry, there should be no objection to a straightforward definition of it. It is a reestablishment of the medieval English star chamber form of government."

COL. ROBERT R. MCCORMICK,
publisher of the "Chicago Tribune," speech
to a taxpayers' association, Los Angeles

Profit "It may be and will be urged that private industry often labors for private gain. It may be that its ends sometimes are selfish. It may be that there are times when it needs the curb and the bit of government regulation. But it is still vastly superior to government planning and government control of business and all human effort . . . it is noteworthy that the Government has done little to contribute to this Century of Progress while, on the other hand, much has been prevented, much has been thwarted, much has been hindered by the heavy, cold, clammy hand of bureaucracy."

ALFRED E. SMITH,
address at A Century of Progress Exposition

Fascist "Only the united opposition of labor and the agrarian areas can prevent the set-up of a Fascist state. With such unity behind him, President Roosevelt—if he is of a mind to do so—can thwart this final effort of the capitalist system to save itself."

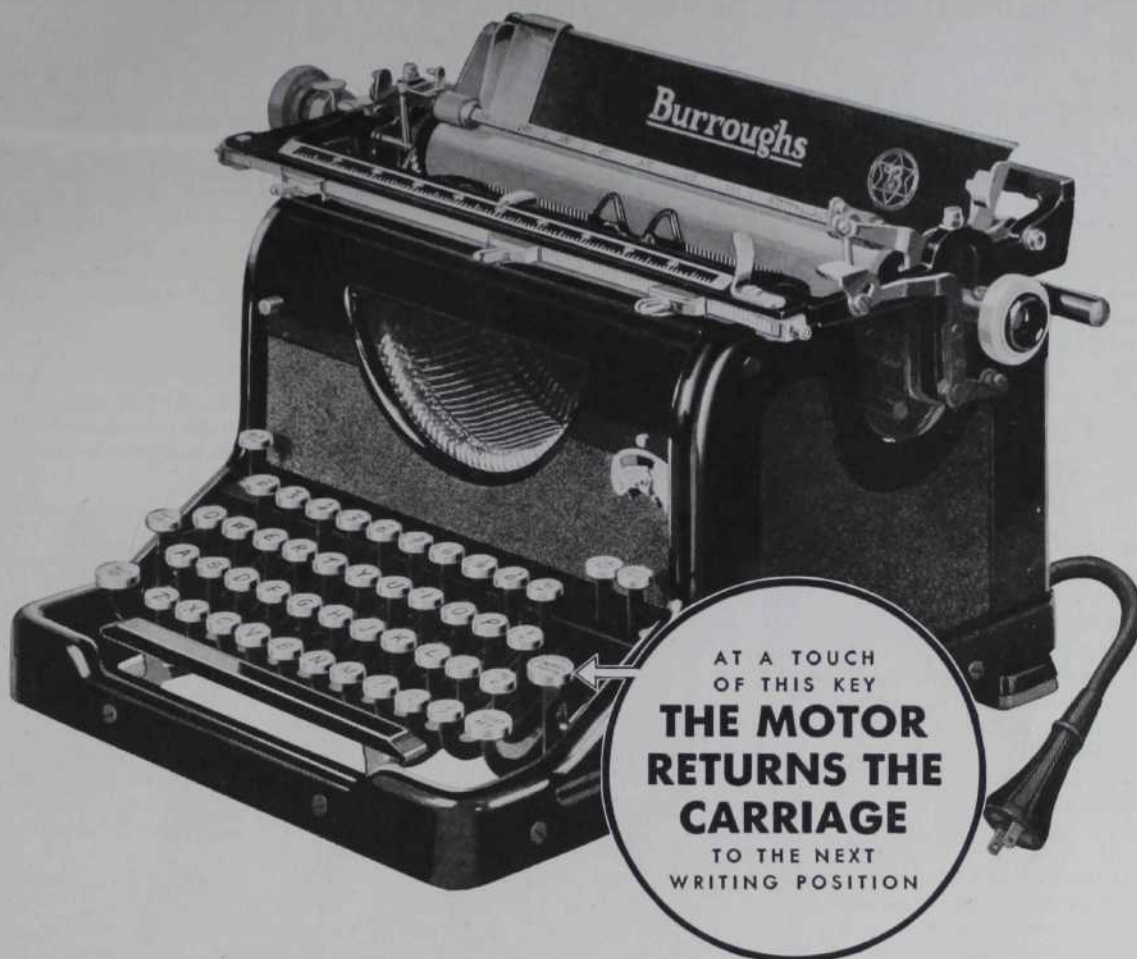
NORMAN THOMAS,
Socialist Candidate for President in a
statement to New York newspaper men

Education "It will not do to wait until trouble comes and then try to acquire, out of newspapers and casual conference and conversation, knowledge enough to deal with a situation already dangerous. The banker of the future must be a professional man, constantly enlarging his personal knowledge, and always equipped to foresee the consequences of wrong policies and happenings throughout the world, which, even when originating in the heart of Asia, finally affect the solvency of institutions and even the national credit in countries on the other side of the globe."

NEWTON D. BAKER,
address to the American Institute of Banking

Now...

A TYPEWRITER THAT OPERATES ENTIRELY FROM THE KEYBOARD



In this new typewriter, electricity saves the wasted energy and motion that make typing so tiring. The motor does all the heavy work—returning the carriage, spacing automatically to the next

writing line, and shifting to capitals. The keyboard is standard. There is no new touch to learn.

Ask for a demonstration. Telephone the local Burroughs office—or write for descriptive folder.

BURROUGHS ELECTRIC CARRIAGE TYPEWRITER

BURROUGHS ADDING MACHINE CO., DETROIT, MICHIGAN

When writing or phoning your local BURROUGHS dealer please mention Nation's Business

Developments in Distribution

UNPRECEDENTED complexities and uncertainties confront distribution and distribution men today. Alertness to changing conditions is demanded now as never before

✓ SEVENTEEN large western wholesale hardware houses, assisted by hardware manufacturers, a trade journal and some 8,000 hardware retailers, are cooperating to capture "Buy Now" money for the hardware trade. The wholesalers' delivery trucks display "Buy Hardware and Speed Recovery" banners, retail stores carry similar window signs and have undertaken special merchandising activities and advertising, the manufacturers are urged to advertise more extensively in the region and nine radio stations daily carry the "Buy Hardware" message to listeners between the Mississippi and the Rockies.

A SERIES of room settings displaying home furnishings of today and yesterday drew crowds to a Cleveland store's windows recently. The store furnished a kitchen, dining room, living room and bedroom in equipment and furniture of the vintage of the early 1900's. Adjoining and in startling contrast were rooms furnished in the 1933 manner. Furnishings for "yesterday's" rooms were drawn largely from the store's exchange department.

HARMONIZED room decorations through coordination of floor coverings, draperies, wall paper, etc., are envisaged through a new merchandising plan devised by an eastern rug manufacturer and his selling agents. An envelope attached to each rug contains swatches of harmonizing drapery, curtain and wall-paper material and a description of the pattern, decorating schemes, etc.

MERCHANDISING of tire chains is given a new twist by one manufacturer. He supplies the chain in continuous lengths, in four standard widths, together with a display stand. The stand carries and displays the stock in four cartons, also carries a foot-operated tool by which the dealer "makes" the chains to order, cutting them to required lengths and attaching fasteners.

FOOD products manufacturers in an eastern city gain publicity for their wares, new names for their mailing lists through "co-operative dinners," staged, for the most part, under the auspices of churches or church groups. A hostess organizes and directs the dinners, collects the dinner tickets (on which guests sign their names and ad-

resses) and, in short talks between courses, calls attention of diners to the merits of the foods being served. Participating companies pay the hostess a percentage based on the number of cards turned in, and donate the food. The sponsoring church or church group handles the ticket sales and retains the proceeds.

A CLEARING house for the month's best sales-letter ideas is envisaged through a new "sales letter round table" plan. Limited to 500 subscribers, it calls for each to sub-

each department. The notion department, for example, offers a gift box containing three sizes of safety pins, common pins, lingerie clasps, hair pins and hair nets; the hardware department, groups of tools, etc.

PRIZE premium of the month is the double-barreled proffer made by a New Jersey spaghetti company. It consists of cardboard circus animal wagons, for which youngsters must send wrappers from the company's products. Along the sides of the wagons holes are cut out to receive bars, which the youthful recipients supply. Effective bars, it is suggested, can be made from spaghetti, broken off to proper lengths.

ODD LOTS: "Steam heat for rent" is offered by a gas company, through a rental plan for a gas radiator-type heating unit. . . . In St. Louis coke is being sold in 15 to



Goods parade before the customers on moving shelves in this Los Angeles store. Shoppers sit still and pick off the items they want

mit, during the last week of the month, his company's outstanding sales letter of that month. Out of the 500 submitted the 25 best are selected, reproduced and mailed back to "round table" members.

A BIRMINGHAM newspaper is offering national advertisers a new sampling service through the medium of its newsboys. It distributes as many as 50,000 samples for the advertiser free of charge—providing 5,000 lines of advertising are used for the sampled product, exclusively.

A SEATTLE store has devised a combination gift plan for Christmas selling. Various items are combined into attractively wrapped unit gifts to reach low, medium and high price levels and are displayed in

20 pound paper bags; users toss it into the furnace, bag and all. . . . A New York store has opened a "Sleep Shop"; it handles mattresses, beds, caffeineless coffees, lotions, creams, etc. . . . A label manufacturer is helping both the "Buy Now" campaign and the sticker business by offering free to NRA members 50 "Buy Now" seals and ten window stickers. . . . "Remnant packets" help silk remnant sales in a St. Louis store; each remnant is rolled in a paper wrapper which lists its length, breadth, price. . . . Steamed clams, canned in the shell, are now being offered the restaurant trade. . . . An eastern candy manufacturer is "muscling in" on the beer trade with a chocolate-coated pretzel.

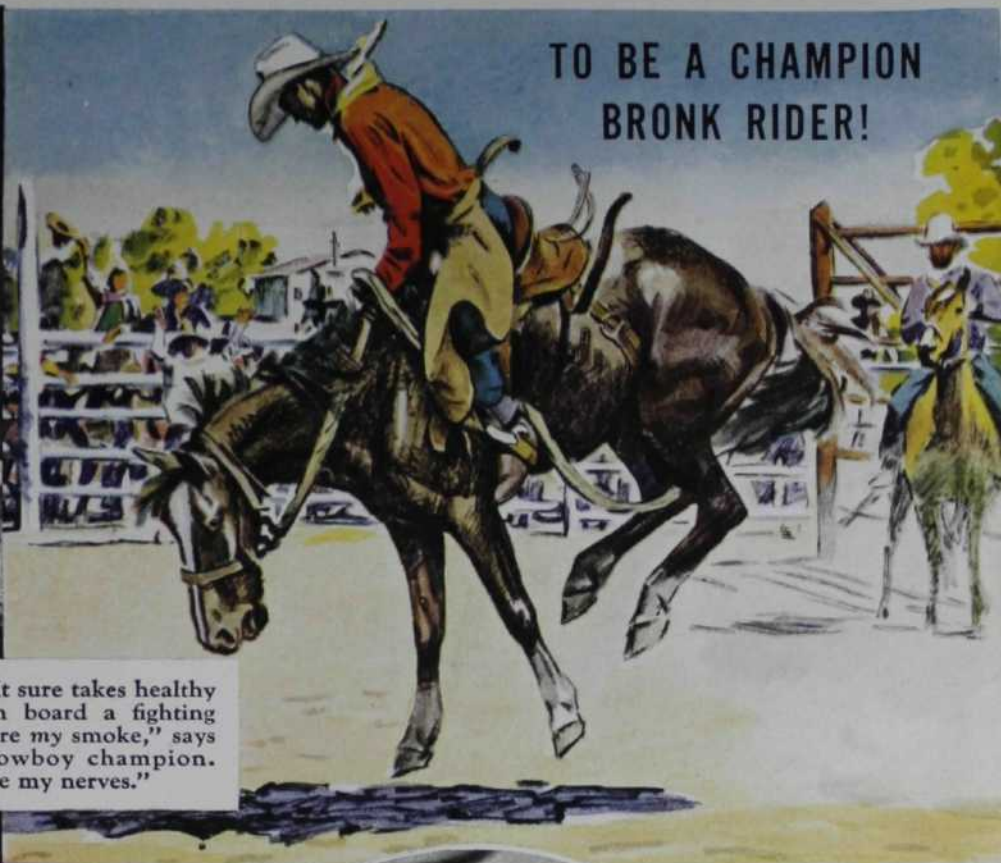
—PAUL H. HAYWARD

EDITOR'S NOTE—Further information on any of these items can be had by writing us.

IT TAKES HEALTHY NERVES



RIDE 'EM COWBOY! It sure takes healthy nerves to stay on board a fighting bronk! "Camels are my smoke," says Eddie Woods, cowboy champion. "They never jangle my nerves."



*Steady Smokers
turn to Camels*

EDDIE WOODS, twice all-round cowboy champion at the famous Calgary Stampede, "top hand" of the cowboy world, says:

"Ten seconds on the back of an outlaw horse is about the hardest punishment for a man's nerves that anybody can imagine. To have nerves that can take it, I smoke only Camels. I've tried them all, but Camels are *my* smoke! They have a natural mildness that appeals to me, and I like their taste better. Most important of all, Camels do not jangle my nerves, even when I light up one Camel after another."

✱ ✱ ✱

If *you* are nervous...inclined to "fly off the handle"... change to Camels. Your own nerves and taste will confirm the fact that this milder cigarette, made from costlier tobaccos, is better for steady smoking.



"I'M DEVOTED TO riding. Even if I am not in the championship class I need healthy nerves. And Camels are the mildest cigarette I know!"

IT IS MORE FUN TO KNOW
Camels are made from finer,
MORE EXPENSIVE tobaccos
than any other popular brand.



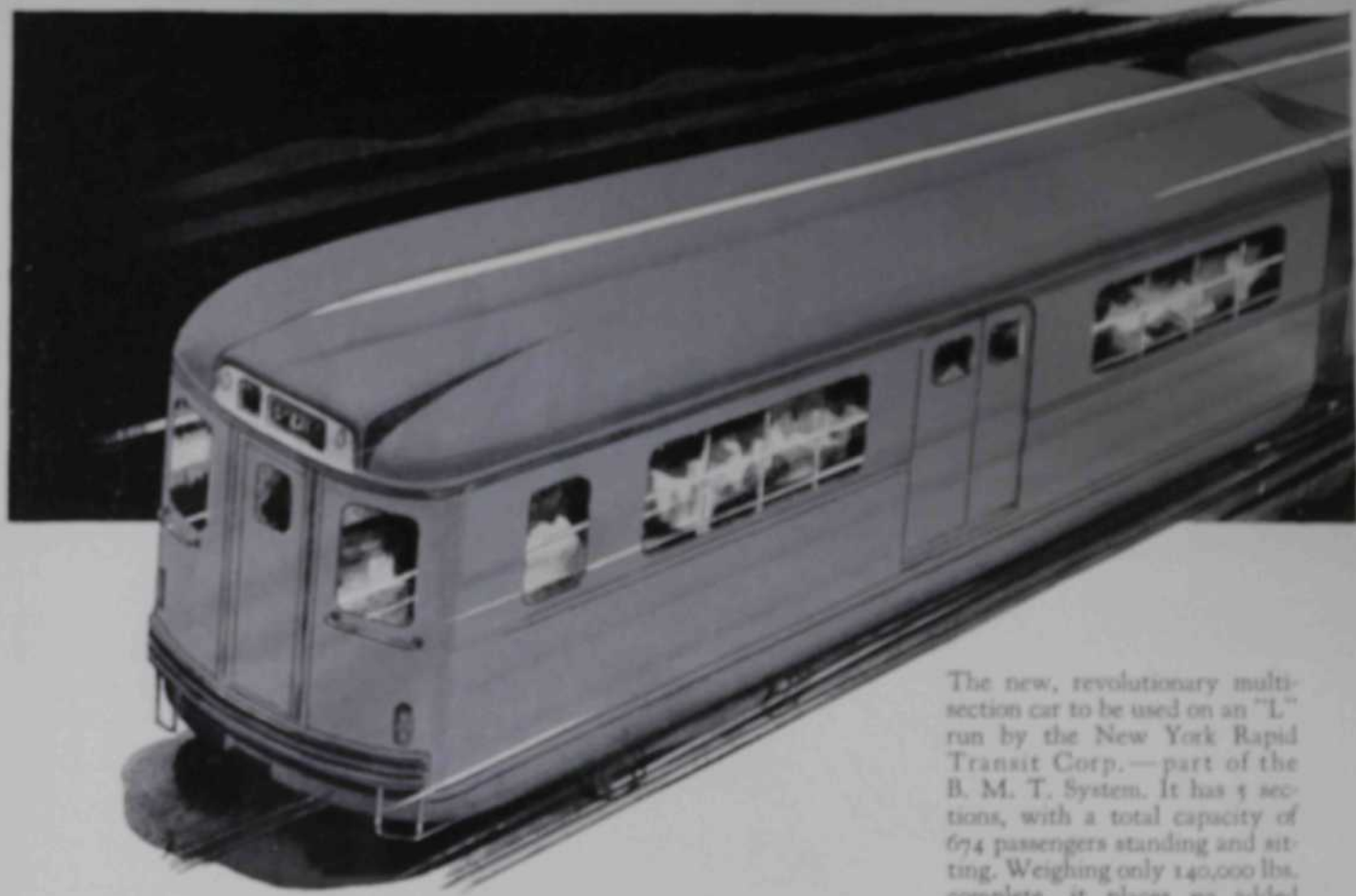
CAMEL'S COSTLIER TOBACCOS

NEVER GET ON YOUR NERVES

NEVER TIRE YOUR TASTE

Copyright, 1933,
R. J. Reynolds
Tobacco Company

ALCOA *Aluminum* makes Rapid Transit *Rapider*..



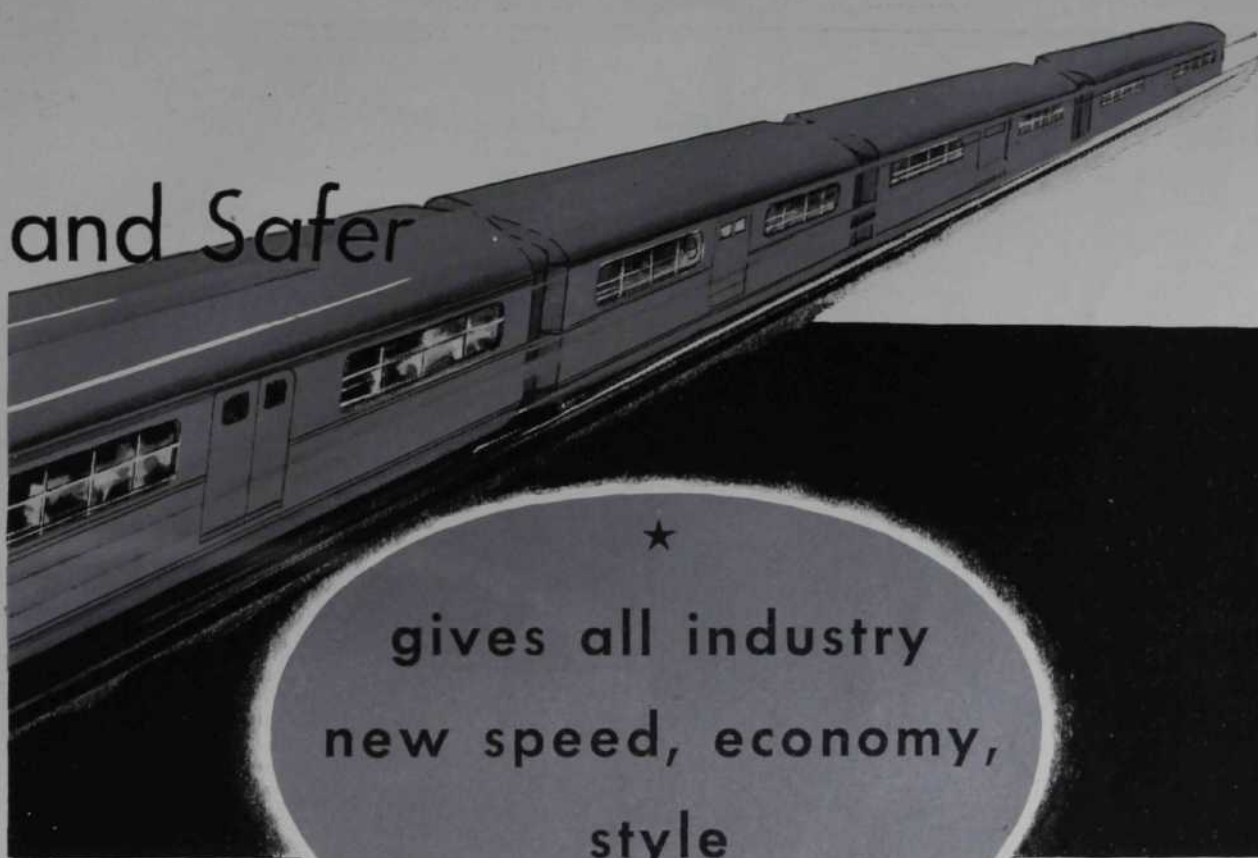
IN its never-ending search for safer, swifter, service, the community transit industry is turning, as is all transportation, to the light, strong alloys of Alcoa Aluminum. Eliminating tons of needless weight, yet actually making structural parts thicker, sturdier, *safer*; providing smoother acceleration and braking, higher speeds with lower power and maintenance costs—Alcoa Aluminum is proving itself the ideal metal for all transportation. And that includes railroad cars, elevators, truck bodies, mine cars—every case of mass in motion.

The new, revolutionary multi-section car to be used on an "L" run by the New York Rapid Transit Corp.—part of the B. M. T. System. It has 3 sections, with a total capacity of 674 passengers standing and sitting. Weighing only 140,000 lbs. complete, it places no added strain on the "L" structure, yet safety is actually increased for the light weight Alcoa Aluminum alloy structural parts are thicker and sturdier. Alcoa Aluminum alloys are used throughout. They produce rapid, comfortable, safe acceleration and braking—saving 80,000 lbs. of useless deadweight over heavier construction materials. This multi-section car will make the present 101-minute round trip in 75 minutes, yet will cost less to operate.



ALCOA ALUMINUM

and Safer



★

**gives all industry
new speed, economy,
style**

THROUGHOUT industry, Alcoa Aluminum brings efficiency to production, salability to the product. Lighter in weight, yet strong as structural steel—non-contaminating, non-magnetic, high in heat and electrical conductivity, it meets the requirements of every type of plant equipment. It makes products lighter, more attractive, too. Even

in paint, Alcoa Aluminum as a pigment protects plant surfaces from smoke, rust, weathering, acid fumes; brightens up interiors.

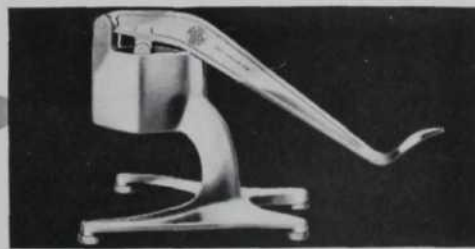
We'll be glad to show you how Alcoa Aluminum can help in your business—also how to use, form or handle this modern metal. Address, ALUMINUM COMPANY of AMERICA; 1825 Gulf Building, PITTSBURGH, PENNSYLVANIA.



PIPES THAT GROW OLD GRACEFULLY —
With metal parts of ALCOA Aluminum, pipes attain the mellowness of age with the inviting cleanliness with which they started out. For ALCOA Aluminum is easy to keep clean; is not attacked by compounds distilled from tobacco in the process of smoking.

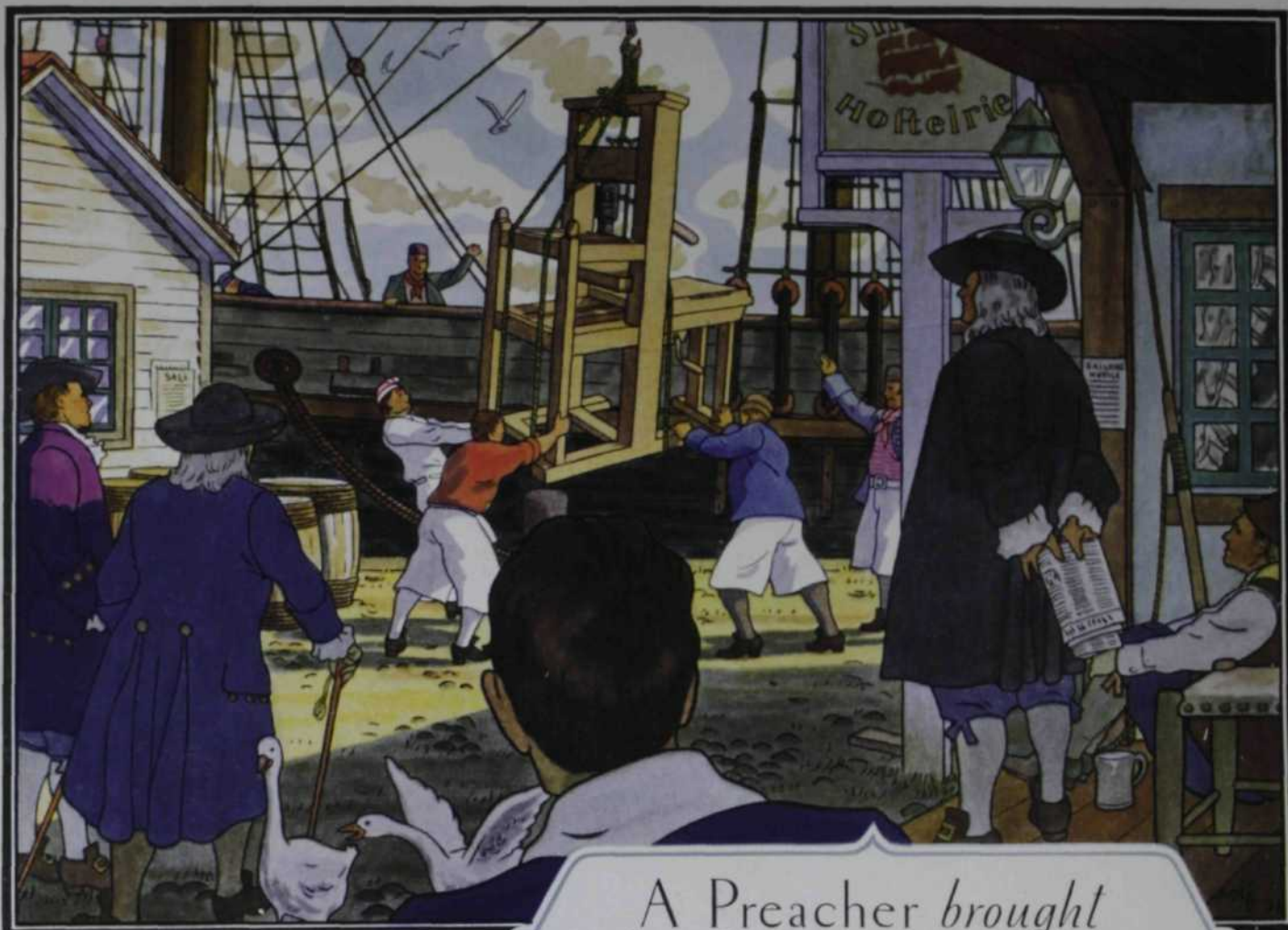


HEAT: WHERE AND WHEN YOU WANT IT—
Made of ALCOA Aluminum, this portable heater is light in weight, easy to move from room to room. It's lastingly attractive; ALCOA Aluminum's high, even heat conductivity increases its efficiency and eliminates "hot spots."



MAKING LITTLE ONES OUT OF BIG ONES—
This ice and ice-cube crusher, made of ALCOA Aluminum, is sturdy and strong enough to do the job—yet it is light enough for even a child to operate with ease. And let's not forget its attractive appearance, that stays attractive.

ALCOA ALUMINUM



A Preacher brought the *first* printing press to America

ALTHOUGH the owner, Reverend Joseph Glover, had died at sea, his press was set up in Cambridge, Massachusetts, as an adjunct to the college soon to be named Harvard, under the direction of Glover's widow and a workman, Stephen Day.

Appropriately the first piece of work produced by Stephen Day and his son Matthew was the "Freeman's Oath," printed on a half sheet of small paper, early in 1639.

Unfortunately no copy of the "Freeman's Oath" has been preserved so that America's first printing might be contrasted with the latest, high speed press work upon Kleeffect—The Perfect Printing Paper.

Kleeffect
REG. U. S. PAT. OFF.
THE PERFECT PRINTING PAPER
MANUFACTURED UNDER U. S. PAT. NO. 1,918,025

In 1639, Day's was the only press. In 1933, Kleeffect is the new uncoated book paper that can be printed on either side with equal results because Kleeffect is alike in color and surface on both sides and is guaranteed to show no wire marks.

The surface of Kleeffect is smooth, without glare, hence is easy on the eyes. Kleeffect has proper ink absorption, a strength suited to modern high speed presses, a color that permits precise color work, and an opacity that prevents show through even on heavy solids.

Kleeffect, revolutionary in its printing possibilities, is being produced at prices no higher than you have been used to paying for just printable papers.

Publishers, printers, and advertisers have in Kleeffect an opportunity of reducing cost and raising quality in magazines, catalogs, or any other printed piece.

This advertisement is not printed on Kleeffect, but if interested, request printed samples on your letterhead. Address our Advertising Department in Chicago.

CHICAGO
8 South Michigan Avenue
NEW YORK
122 East 42nd Street

Kimberly-Clark Corporation
Established 1872

NEENAH,
WISCONSIN, U. S. A.
LOS ANGELES
510 West Sixth Street

Children of the Depression

By HARRISON E. HOWE Editor, Industrial and Engineering Chemistry



MARGARET BOURKE-WHITE

Industries which continued research through the recent lean years have won rich rewards

★ WHEN the Fourteenth Exposition of Chemical Industries opens December 4 at the Grand Central Palace in New York, it will be clearly demonstrated that science marches on, even in times of economic stress. More than that, there will be evidence that the pace may even be quickened by depression. The American Chemical Society in its display under the auspices of *Industrial and Engineering Chemistry* has made this point the theme of its educational exhibit. It will present several of the "children of depression"—examples of products that have been introduced and become commercial in the past two or three years because forward-looking industries have continued their programs of research and development.

Experience having shown that the simultaneous development of too many new things, however worthy, may require large sums and may even lead to financial embarrassment, it is natural that the new things introduced have been chosen with care from an even greater number that are practically

IF necessity is the mother of invention Depression is apparently the father. At least, the past few years have been responsible for the birth of many products which might have remained in the laboratory stage in good times. From the imposing list of new things, Mr. Howe describes a few

ready for public consumption. It is also evident that it was necessary to select the children of depression brought into the Exposition from the number available because of space limitation and other reasons.

But the thesis that new things can find a market when business generally is down and that, in times of restricted production, it is wise to prepare for better business remains sound.

This soundness can be demonstrated. Substantially every enterprise which makes full use of what science offers to business, always has a number of ideas which for some reason have been placed in cold storage. These are reexamined in times like these and the result is often something new or improved to be offered the market. Sometimes, too, decreasing demand for established products drives a concern to the search for something new.

Depression brings new products

WHEN asked what influence the times had had upon new products, the du Pont Company was able to list 109 items, many brand new, developed as a result of research and investigation.

Here we find Duprene, the synthetic rubber-like substance which, in spite of a price differential against it of nearly 20 to one as compared with crude natural rubber, has found continued demand to the capacity of the plant for two and a half years. The utility of the material is due to the fact that, for certain applications, it gives service which rubber cannot offer.

Then there is Acele, a dull chemical fiber which has met satisfactory consumer acceptance and, with other improved chemical fibers, has made such headway in the world of fashion that the dictators of fashion in Paris have accepted them.

In this du Pont list we include synthetic camphor, not because it is new, but because, for the first time, it is now being produced in quantities exceeding 25 per cent of domestic requirements, thereby qualifying to retain tariff protection of five cents a pound. Just after the World War two synthetic camphor plants erected in this country ceased operation because the product was impure, the yield unsatisfactory, and the cost high. American chemists have always felt somewhat humiliated because American turpentine was exported to

Germany as a raw material to return as synthetic camphor. During this depression research ironed out the kinks in the process and the plant was redesigned. Synthetic camphor on a commercial scale in America therefore is truly a child of the depression.

During this same period a new refrigerant, dichlorodifluoro methane, called Freon for short, an efficient nontoxic material, has been developed and has made its way.

There have been a variety of improvements in the artificial leathers, involving better colors, freedom from odor, improved characteristics when used for garments, and with a multiplicity of patterns.

Some of these have involved the use of latex, the sap of the rubber tree.

Improvement on soap

THE fine chemical division of the du Pont Company is manufacturing Lorol, which is the sodium salt of one of the sulfonated higher alcohols, used as the basis of a new detergent called Dreft, developed by the Procter & Gamble Co. This type of material has given us the first real advance in the art of laundering in centuries. The hardness of water need no longer limit laundry practice. With these new compounds, sudsing in sea water is as easy as with ordinary soap in rain water.

Another interesting material for laundering is sodium metaphosphate, offered under several trade names and made, among others, by the Swann Chemical Co. This development grew out of research into the problem of feed line scale in boiler rooms.

Sodium metaphosphate in the vitreous or glassy form dissolves the insoluble soaps of calcium and magnesium which always form when these elements of hardness are present in water.

Since 1929, the Dow Chemical Company has developed a process through which at present one-third the United States requirements for iodine are produced from brines obtained from petroleum wells. In the course of the depression this same company has brought out sodium acetate flake, derived from acetylene, and important as a source of acetic anhydride used in the rayon industry. Phenyl hydrazine has also been produced for the first time in the United States. It is used for making antipyrin and for the pyrazolon reds, an important group of dyestuffs. Salicylic ethyl carbonate is another of the new products of the last year or two. It is perhaps best described as a super-aspirin. Then there is Glycine, used in increasing quantities to combat muscular atrophy. Phenyl ethyl alcohol, a basis for perfumes, is now produced in quantity by a new process. Ortho- and para-xenols in their various forms make their appearance on the market as Dovicides, of which there are 14 different types for special use as disinfectants. Another trade name is Dowtherm, given to four different mixtures based on xenene, a diphenyl oxide, as heat transfer agents.

A subsidiary of the Dow Chemical Co., known as Dowell, has perfected in these times a corrosion inhibitor that can be used in hydrochloric acid and sent down in quantity through existing pipes to break up formations under the

earth, thereby greatly increasing the output of old petroleum wells.

Robert H. Foerderer, Inc., has sustained a fellowship at Mellon Institute which has led to a new type of vici kid which resists scuffing to a remarkable degree and consequently is indicated as a real improvement in shoe leathers. This new leather requires no dressing in the factory nor while in service. A shine can be produced simply by rubbing.

The march of science also goes on in synthetic plastics. The Haveg Corporation has brought to this country and developed a new form of material based upon the phenol formaldehyde type, by which large equipment can be built without the use of expensive molds in which the reaction is usually carried to completion. Use of acid-washed asbestos fibers with the plastic produces a thick dough-like material. The skill and ingenuity of the workman is the principal limit to the variety of shapes and sizes that can be made by this procedure. The forms are constructed and filled with the molding compound, which is then cured in place in ovens. The complete resistance of the resinous material to the common acids in dilute solutions and to many of them when concentrated makes such material attractive for tanks and a variety of other plant equipment.

The Toledo Synthetic Products Company presents Plaskon as a child of depression. This is a synthetic resin or plastic of the urea condensation type, and like the various resins of this class offers its own peculiar characteristics and useful qualities.

The Goodyear Tire & Rubber Company has brought out rubber in a new form, represented by Plioform for molded products and Pliolite for paint finishes. The Plioform, having no sulfur and resisting moisture, will be heard from in the electrical field, while its beauty should make it popular as a decorative material.

Synthetic furnishings

CARBIDE and Carbon Chemicals Corporation, taking up the vinyl resins, has so improved them and mastered the mechanics of their utilization that, for the first time, it has been possible to construct an apartment and practically furnish it with synthetic resin material. The apartment so built will be remembered by those who have visited A Century of Progress. Wall panels, doors, floor tile, cabinets, even lamp shades and translucent sheets for windows, are based on this resin.

This company has also perfected in the past two and a half years a considerable list

of solvents in the rapidly developing field of protective coatings.

The work of the Monsanto Chemical Company in developing, for example, a new type of plasticizer for which phthalic anhydride is the basis, is worthy of mention, for it has some outstanding values in connection with cellulose esters, which are growing in commercial importance.

Plexigum is the new trade name for a cellulosic product at the moment most interesting as a material for nonshatterable glass. Introduced by Röhm and Haas, the American Window Glass Company has demonstrated its advantages, among which is lack of brittleness at low temperatures. The

(Continued on page 56)

RUSSIA has had more front page space this month than at any other time in the past five years. In publishing Whiting Williams' observations, on page 19, of what's happening in the country that has become a neighbor, NATION'S BUSINESS is giving its readers the views of a trained observer who knows and understands workingmen from long association with them

Price Fixing via Code

By Q. FORREST WALKER Economist, R. H. Macy & Co., Inc.

Illustrations by Charles Dunn

★ WHEN the National Recovery Act was before the Senate, its legislative sponsor, Senator Robert Wagner, of New York, said:

"I do not mean to imply that the pending legislation contemplates price fixing."

In spite of this statement of purpose, price fixing has become the great economic issue which the National Recovery Administration now faces. In one form or another it has been incorporated in several codes and is being vigorously sought in a number of codes which are pending. Moreover, the trade mechanisms established under codes provide a smoke screen behind which price fixing may flourish. The plea for price fixing seems to be based on the assumption that the great decline in commodity prices in this depression has been due to malicious price cutting. Nothing could be further from the truth.

World-wide economic forces, the financial upheavals incident to the great war and a multitude of political and psychological forces have wrecked the commodity price structures of the world. Price fixing by law was tried in many countries but the result was economic disaster. If historical experience proves anything it clearly demonstrates that, in the long run, price fixing by law is uneconomic, detrimental to the best interests of the consumer and contrary to sound public policy.

In the face of these demonstrable facts, the pressure for price fixing continues, although in many places it masquerades under other names. In approved and proposed codes it ranges from outright resale price maintenance and definite specification of wholesale prices to standardization of selling terms and prohibition of sales below costs of production as defined by industry with official approval.

The purpose and effect of all these provisions is to remove the price mak-



The scramble for price-fixing must lead to Government regulation of all prices



ALTHOUGH the retail code has been signed, the argument on price fixing is far from dead as Mr. Walker points out in describing the difficulties of definition and enforcement

ing process from the normal forces of competition in ways other than by joint action to establish minimum wages and maximum hours.

In the original retail code sponsored by six national retail associations, price fixing appeared in the form of a provision that no retailer might dispose of his merchandise at a price less than its net invoice cost plus ten per cent, with certain specified exceptions.

After the public hearing, the National Recovery Administration drastically revised the code. To the cost-plus provision was added a resale price maintenance clause applicable to standard trade marked drug products. The wording of these clauses was frequently revised,

greatly confusing the original code sponsors. Moreover, each revision led the official code makers deeper and deeper into the legal, economic, and political jungles of price fixing.

Nor do the loss limitations finally approved solve the difficulties. True, the obnoxious resale price fixing provision for drug products is out and "cost to the merchant" is made the present bottom below which prices may not go. But in the background lurks the permissive power of the Retail Code Authority to add to this basic cost "an allowance for actual wages of store labor" except in the case of foods. In small trade areas no "plusage" may be added to the costs of any merchant. Any merchant may meet competitive prices below his own basic costs if he promptly notifies "the nearest representative retail trade organization."

Exceptions to limits

EXCEPTIONS to these price limits are provided such as *bona fide* advertised clearances, highly perishable merchandise, imperfect or damaged merchandise, merchandise sold in final liquidation of a business, "contract" sales, drug sales to hospitals and the

medical profession, and merchandise sold or donated for charitable purposes. Farmers' cooperative buying organizations are exempted. If a merchant gives premiums, the cost of the premium must be included in the computation of the basic price.

The theory is that, under the code, retail losses will be minimized through the elimination of "predatory and destructive price cutting."

Unfortunately, nobody has defined these terms. What is "destructive price cutting?"

Does it mean that the manufacturer who does not exploit his labor by low wages and long hours but who has low costs because of his location or methods

is a destructive price cutter if he sells the same merchandise at lower prices than his competitor who may not be able to survive his competition?

Is the term synonymous with "leader" or "bait" merchandising, sales below cost and the like or does it cover any competitive act or practice that tends to result in lower prices?

The confusion which exists on this point has never been better expressed than by the Federal Trade Commission which said in a recent report:

"The principal economic significance of the term (price cutting) is that it indicates objection to the practice by some one."

Merchant A, for instance, with low operating costs is a predatory price cutter to Merchant B with high operating costs if A sells the same merchandise as B at a lower price. On the other hand, Merchant B would resent the insinuation that he is a predatory price cutter if he attempts to meet A's low prices when his true economic costs do not justify such action.

There is similar difficulty with the term "loss leader." A "loss leader" may mean an article advertised and sold at a subnormal mark-up; an article advertised and sold at or below cost to attract trade; or an article advertised at or below net invoice cost with the intent of enticing customers into a store and then refusing to sell the advertised article freely and forcing substitutes on the customer.

One of the pet theories of advocates of price fixing is that when an article is sold at a subnormal mark-up or at cost or below cost, the consumer is overcharged on other items. It is then argued that a cost or cost-plus provision will result in lower mark-up on other merchandise. This is a subtle argument, but it is substantially untrue. A merchant advertises to obtain patronage. The judicious use of subnormal mark-up, sale of a few items at invoice or perhaps even below cost is merely another form of advertising. It does not differ fundamentally from selling merchandise at profitable margins and spending an equivalent amount in advertising. When used to excess, it automatically corrects itself because the advertising becomes too expensive. Many a merchant sooner or later discovers that his customers are buying only the advertised specials. Unadvertised merchandise is not immune from competition and the claim of excessive mark-up on such merchandise betrays lack of knowledge of the pricing prac-

tice in retailing. If this practice were better understood, the support of cost and cost-plus plans would be greatly weakened.

Mark-ups are averages

THE retail industry operates on the theory of average mark-ups. This is necessary because no accounting system yet devised permits determination of the true cost of selling a bottle of toilet water, a jar of cold cream, a package of razor blades or any other single article. The retailer's service is rendered under conditions of joint cost, and individual selling cost determinations are impossible. Moreover, with hundreds of thousands of items on sale in a single large store and many thousands in comparatively small stores, cost determination would be impractical even if possible.

Retail mark-ups are empirical. We know that a certain average must be maintained for a large group of articles to obtain a profit but that average represents the result of thousands of individual judgments and tests of mark-ups to determine which will produce volume and turnover.

Some articles, because of their rapid turnover, staple character and low handling costs can be sold at a profit with a ten per cent mark-up. For other merchandise, which is slow to turn over,

perishable or costly to handle, a ten per cent mark-up would mean a loss. The retailer's problem is even more complicated than that of the manufacturer who cannot determine the true cost of any individual unit until he knows how many are to be produced and sold.

Because of this situation, a cost or cost-plus provision in the retail code will not end price wars. If prices are stopped at net invoice cost plus ten per cent, it will merely mean that a large number of items which now bear fair competitive mark-ups will be used for this purpose. Retailers will not be helped because a reduced margin on a large number of articles will be a far greater financial burden than the punitive loss incurred when a small number of items is sold at or below cost.

Under the present system, the effective remedy for uneconomic price cutting is the direct loss sustained. Under cost and cost-plus plans, ignorant competition will be stimulated because the untutored apparently believe that the code makes price cutting less costly. In the end the consumer will pay the added cost.

Few sales below cost

MOREOVER, the only factual study of selling below net invoice cost is that of the Federal Trade Commission which concluded that such sales were of comparatively small significance. Before any price fixing was put in a retail code there obviously should have been some impartial fact finding and unequivocal proof that the present remedy is sound and adequate. Beyond question, retailing suffers less when the penalties for its economic follies are most severe. Already some retailers are beginning to wonder what to do when some competitor advertises: "Prices of this merchandise are the lowest permitted by the Code."

The crowning folly of cost and cost-plus provisions is the impossibility of enforcing them. According to the Census of Distribution there were somewhat more than 1,500,000 retail distributors in 1929. The depression may have reduced this number to 1,200,000. Large individual retailers may stock several hundred thousand individual items. Even the small store may stock several thousand items. The proposed code restrictions apply to all items whether advertised or unadvertised. The retail industry is supposed to police any code violations by local committees. The excep-



World-wide economic forces, not price cutting, wrecked price structures

Plan with your employees for their future security. You will add strength to your business



DURING the past four years business men have struggled with the distressing problem of unemployment. Today many of them are meeting the encouraging but far from easy problem of employment.

New employees are working alongside of those who have had long experience. The far-sighted employer knows that the future security of his business will eventually require the transfer of aged employees from active service to a comfortable retirement that has been earned.

Industry can, at the present time, make its own systematic plans for the later retirement, in security, of aged employees.

Practical retirement plans, tried and tested, are now working successfully in many kinds of businesses. Such plans protect

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Sound retirement plans do three things:

First, guarantee security and leisure to those who should have them.

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Third, encourage efficiency and afford opportunities for advancement among the younger and more active employees.

The Metropolitan cordially invites business executives to send for plans which clearly show how employers and employees can cooperate to obtain this future security on a sound and economic basis.

Have a well-rounded Program of Protection. The Metropolitan's contracts afford a means to

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Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

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We would like to know how our business can provide a practical Retirement Program for all of our employees.

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tions to code restrictions provide endless opportunity for overt and innocent violation. What is a "bona fide clearance?" Shall cost or current market price be the basic level? How shall delivery costs be handled? How can millions of individual prices be checked? These questions are mere surface indications of the enforcement problems of the retail code.

While resale price fixing is out of the retail code, it is still vigorously sought in proposed manufacturers' codes.

The principal arguments for and against resale price maintenance have been rehearsed before legislative committees for more than a generation. In the next to the last Congress, the House of Representatives made the Capper-Kelly bill the butt of ridicule. It has been opposed by the National Retail Dry Goods Association, the American Federation of Labor, the American Farm Bureau Federation and organizations of consumers.

Proponents claim that the legalizing of contracts to fix resale prices merely restores a legal right taken away by the courts. They allege that retail price cutting destroys the manufacturer's good will created by years of costly consumer advertising. The manufacturer, it is contended, can fix fair uniform prices for the consuming public. Competition between manufacturers would safeguard the public against unfair prices and prevent monopoly and monopolistic practices. Such price fixing would protect the small retailer from the competition of the chains and other large scale retailers. Resale price maintenance is legal in many foreign countries.

Price cutting does no harm

THE opponents of resale price fixing argue that our courts have not deprived the manufacturer of legal rights which previously existed. Restraints on alienation were illegal at common law and our courts merely reaffirmed an established legal doctrine. Retail price cutting does not destroy the good will of the trademarked article. No evidence has been presented to show that a truly meritorious product was ever driven off the market or seriously injured by price cutting. The manufacturers of branded merchandise which is most severely cut have prospered in spite, or perhaps because, of price cutting as their financial statements amply prove. The retailer pays substantially more for the branded item than for the unbranded item. He, therefore, buys whatever good will may be in a brand name. This added pay-

ment is sufficient insurance to the manufacturer against whatever hazards there may be in competitive distribution.

Resale price fixing would not stop price cutting. It would simply take more vicious forms such as trading stamps, excessive trade-in allowances and such devices.

No manufacturer can establish fair uniform retail prices because he cannot ascertain retail costs for selling his merchandise. If he established retail prices, they would be fixed to protect the high

brands and increase his operating costs.

The drug resale price fixing plan in the retail code as proposed provides that the limit of competition should be 21 per cent less than the manufacturers' suggested retail price. By the simple expedient of raising and lowering the resale price, the manufacturer could have achieved any degree of resale price control he desired.

We cannot restore prosperity by the simple device of a law which gives industry and trade direct and indirect power to erect arbitrary and unnatural price structures. If NRA really works, there is no need for "sops" as compensation for the new wages and hours. Increasing business volume will make possible substantially increased earnings. The retailer, particularly, is the direct and immediate beneficiary of increased purchasing power.

If prices are boosted artificially, the gains from increased wages are illusory. Recent surveys show that wholesale costs for consumer merchandise sold in department stores have advanced fully 40 per cent from the lows of the year. Fortunately, the natural lag between wholesale and retail prices has delayed the full reflection of these increased costs in retail prices. But we are nearing the time when prices based on present wholesale costs must be fully tested. Already there is doubt about the consumers' ability to absorb these increases. Retail price fixing on top of industrial price fixing simply means that prices will rise far faster than consumer income. The increased income will buy a continually decreasing physical volume of goods and the net result will be less manufacturing and less employment.

Competition's doom

THE present scramble of interested groups for price fixing in one form or another must inevitably lead to far-reaching governmental regulation of all prices to protect the public interest. That would be the death knell of the competitive system. Our national need is to conserve the benefits of competition and provide for its improvement. We have taken a long step forward when we establish the principle that competition based on long hours and low wages has no place in an enlightened and rational economy. Certainly, codes should be limited to hours and wages and the establishment of such fact-finding machinery as will enable us to collect the essential data for intelligent future planning. Irreparable damage will be done if we do not make haste slowly.

THE Map of the Nation's Business will reappear in the January number. As in the past, it will be prepared by Frank Greene on information provided by Dun & Bradstreet. It will be based on reports from their branch agencies, numbering nearly 300. A brief summary of conditions, both by industries and geographically, will accompany the map

cost marginal retailer and the consumer would pay the highest costs. Uniform prices are obviously unfair because retail selling costs vary widely even in small areas because of differences in types of stores, differences in types of service, differences in rentals paid, volume of sales, rapidity of turnover and managerial efficiency.

Competition between manufacturers would not protect the consumer because many of them already enjoy quasi-monopoly and the experience of the depression proves that prices of branded merchandise are slow to reflect changing costs. If the right to control price is granted, some federal agency must regulate the prices to protect the consumer.

The small retailer will not be helped because large retailers will further develop and advertise their own brands. The retailer's profit margin will be placed in the hands of the manufacturer without any investment by him in retailing operations. Once a brand is thoroughly established the retailers profit margins will be squeezed. Resale price fixing will force the retailer to add thousands of additional

A Freak of Inflation

★ A GOOD many tales of the freakish results of Europe's depreciated money have been brought into this office but this one takes the blue ribbon. Its truth is vouched for by a Washington merchant and, although it has appeared in these columns before, it is worth repeating.

In Austria in the early '70's in a middle-class family, two sons, Herman and Adolph, were born. Herman was shiftless and utterly devoid of thrift. Adolph was a hard worker.

On September 1, 1895, Herman and Adolph were married and both had married well. Each of the brides brought a "dot" of a good home and enough property to provide a comfortable living.

His marriage marked the fulfilment of Herman's ambition—a home, a well stocked wine cellar, and enough money to keep things moving. He never did another stroke of work, and every day he drank three bottles of wine from the home cellar. Matrimony, however, spurred Adolph to greater effort. He had started in a bank. Steadily he advanced. By 1914 his savings had grown to 200,000 crowns.

Then came the World War. Herman continued to frequent the cafes returning home to drink his bottles of wine.

Adolph plunged into war work at a nominal salary. He put all his money into Austro-Hungarian war loan bonds.

Then the Central Powers were defeated. The Austrian crown hit the toboggan. Soon it took 70,000 of them to buy a dollar.

Adolph's savings dwindled away. Instead of retiring, he continued in the bank. He is still there. Even in the darkest hours, Herman retained the customary solace from the wine cellar. His wife complained. One night she burst out:

"If only you were a worker we might have something besides all those empty wine bottles."

Herman sat up and inquired, "What do you mean, empty bottles?"

"Three bottles a day," his wife retorted. "I've stuck them in the caves—so many you can hardly count them."

Herman reached for a pencil and paper. Twenty-seven years, three bottles a day—that made 28,565 bottles.

He turned triumphantly to his wife.

"We are wealthy," he said. "Schwartzbach at the cafe was telling me today about the cost of bottles. One-litre bottles bring 1,428 crowns apiece. I figure we are worth, in pure bottles, about 10,790,820 crowns."

The next day Herman sold the bottles and the community soon heard that he was a multi-millionaire.—M. T.

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Any system of watchmen's tours adopted should be worked out, in the light of the main purpose of watchmen—to guard the plant and its values, during the hours it is closed—and to furnish accurate and positive proof that this is done.

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Cures—Not Miracles

(Continued from page 26)

urable in dollars and cents. Others, less tangible perhaps, also indicate a more wholesome social condition. Child labor has been outlawed by code provisions. The sweat shop has ceased to menace American enterprise. The ruthless exploitation of labor, as a weapon of economic warfare, we may now regard as obsolete.

There are further specific social values to be attributed to the codes in other fields. To illustrate, the code of the fire-arms industry restricts the sale of machine guns, depriving the racketeer of his most dangerous weapon. The distillers' code lays down the rule that the producer shall have no interest, direct or indirect, in places where distilled liquor is sold for consumption, closing the door to one of the worst evils of preprohibition days. Thus the basis for legitimate and constructive trade standards is being laid.

But every ledger has its liability as well as its asset column and the ledger of the NRA is no exception to this rule. The enthusiasm it evoked and the confidence it inspired at the outset have waned perceptibly. This change cannot be attributed solely to disappointment over the failure to realize unattainable hopes. It is due in part to a number of things, among which may be listed:

First The large number of unwarranted and unauthorized strikes. Labor has gained so much from the National Recovery Administration that its leaders owe it to themselves as well as to the public to exercise great restraint in calling strikes and creating industrial discord.

Second Many misleading statements have been made by labor organizations in an endeavor to unionize quickly the entire country. I do not say that the employer has been without fault, but there is certainly no justification for statements by labor representatives that only through affiliated trade unions can the worker obtain the benefits the Recovery Act affords him.

The fundamental concept of the labor clause is the complete liberty of employees to bargain collectively through representatives of their own choosing, these representatives to be selected without coercion. This, I submit, means without the coercion either of the employers or of the organizers of labor.

Third The enormous task of passing upon hundreds of codes awaiting action has necessarily caused delay and uncertainty. This condition is being rectified and the organization of the National Recovery Administration is today far

more effective than it was. With many of the basic codes approved, the task of setting up codes should be carried to a speedy conclusion. The first of the year should see that task substantially completed.

Fourth Regional differentials in wages, based upon differences in the cost of living—between the North and the South, for example—have been set up in the codes, but cognizance has not been taken of the very real differences in the cost of living between the small town of say 10,000 or 15,000 population and the larger city. This has resulted in severe hardship on small town industries, especially those which are local in character and in markets and is tending to force them to the wall. If not remedied it will result in concentration of industry in the larger centers and will check the wholesome tendency toward decentralization of industry which is now under way.

Fifth The President has wisely exempted from the operation of the retail code stores in towns of 2,500 or less. This is a partial recognition of the principle that small business should be differentiated from large business. Small business has not the reserve to withstand the increased costs which the codes entail. Its market is often circumscribed to its immediate vicinity and it cannot, therefore, increase its volume as costs rise. In many cases it finds itself unable promptly to raise prices to meet the immediate necessity created by increased costs. I feel, therefore, that in small industries, application of cost increase provisions should be spread over a reasonable period so that adjustments may be made gradually. If this is not done, thousands of small industries will find themselves in serious difficulties.

Sixth Appropriations for public works running into the billions were made on the theory that it was necessary to prime the industrial pump for the production of capital goods while private demand for capital goods and private construction were getting under way. On no other theory was there warrant for the enormous increase in the national debt involved in this program.

Unfortunately, little private construction has been started for two reasons: First the Securities Act has absolutely throttled the raising of capital funds either for refinancing maturing issues or paying for new construction. There can be no doubt of the existence of the evils the Act was designed to cure and to that end the requirement of full and adequate information as to the purposes of the issues is justified, but I

see no merit in the clause which opens directors who have acted with scrupulous integrity to innumerable "strike suits." Surely some way can be found of attaining the desired publicity and information without suppressing the legitimate sale of securities. The restrictive effects of the Act are only too apparent. In August, of this year, \$14,000,000 of new securities were offered for sale to the public. Of these \$11,000,000 were for breweries, gold mines, etc. In the same month a year ago, \$106,000,000 were offered. In the meantime business conditions have improved. Apparently, the Securities Act has completely checked the flow of capital.

The second deterrent to private construction has been the high wage scales approved for public works. I agree as to the need of establishing and maintaining high wages to increase purchasing power and as a measure of social justice, but high annual earnings of labor are more needed than a high wage scale. The present scale is discouraging private construction. Labor, in its own interest, should recognize that the first task is to get men to work at a reasonable wage and let the higher wages follow the restoration of employment.

I have set forth frankly and without reservation some of the gains and losses which the Industrial Recovery program has brought about. I believe the time has come for friendly and constructive criticism of the policies of the Administration. I believe that the NRA and the AAA can be made to work, if wisely amended and constructively administered. The present nation-wide opposition to the Recovery Act is a natural reaction to the unrealized hopes that in some inscrutable way a miracle would be accomplished. Mistakes have been made. More will probably be made, but mistakes were inevitable in a program of such magnitude.

Conditions are far better today than they were nine months ago. We still have far to go before satisfactory conditions are reestablished, but, for one, I am confident that America is surely and not too slowly recovering from the worst depression in its history.

What is needed is renewed confidence in the purpose and practicability of the great program we are testing; the appreciation of the inestimable gains to be made from the self-government of business through codes, and a realization of the economic chaos that would inevitably follow the breakdown of the Industrial Recovery Act and the Agricultural Adjustment Act. Both acts will need amendment before they serve as a basis for permanent law of the land. Mistakes of administration need correction. This can be brought about by a united drive on the part of business, labor and government to carry to a successful conclusion this, the greatest industrial experiment of all time.

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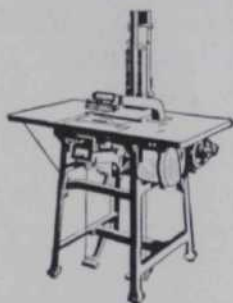
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Chicago Company Writes:

"To our Addressograph and Multigraph equipments go a great part of the credit for the exceptional business we have enjoyed during the past few years. The savings they make are very great." James T. Mangan, Director of Advertising, Mills Novelty Co., Chicago, Ill.

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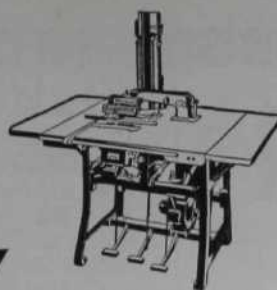
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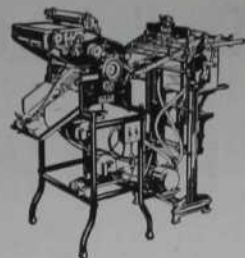
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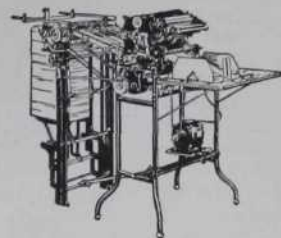
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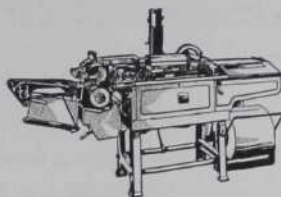
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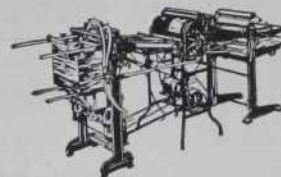
MODEL 66 MULTIGRAPH

Folders, booklets, bulletins, price lists, cards, stationery, house organs, tags, bags, sales letters... these, and many other types of ink-printed and ribbon duplicated material can be produced on the Model 66 at low cost. Speed, 5,000 per hour.



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A time proved economizer in the complete production of public utility bills, premium notices, dividend checks, pay checks, tax notices, installment notices... in fact, any form of standardized material, at speeds up to 8500 printed and filled-in forms per hour.



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FINE wood cabinets deserve positive protection. Mars, scratches, press marks, cause annoyance and expense for the dealer—dissatisfaction by the customer. This is why RCA Victor uses KIMPAK Crepe Wadding as shown at right. It is placed on top of the cabinet so that the corrugated board can be pressed down tightly to assure safe shipment without causing corrugation marks on the finish of the cabinet.



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Attention of.....

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Our product is.....

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WHO SAYS HARD TIMES?

Not Bristol, England's most Prosperous Provincial City. Why not write the Secretary, Development Board, 1, BRISTOL BRIDGE, BRISTOL, ENG. and ask him about it?

Making Jobs by Building Homes

(Continued from page 21)

Housing Division means a rental value of at most \$12 a room and that only in one or two of our largest cities. A price of \$8.50 a room is about the goal in medium sized cities running down to as low as \$5 a room in some cases of clearing out Negro slums.

5. Had back of it a responsible local group ready and willing to form a housing corporation to do the job with government approval and advance at least 15 per cent of the total.

In listing these requisites I have said nothing about the type of building which the Housing Division favors. The rental limits naturally help to set up those standards. Elaborateness and ornament are not likely to figure largely in homes to rent at \$8 or so a room.

No one type is favored

THE Government is not committed either to separate dwellings or to apartments. It is ready to advance money for either. So far, the tentatively approved applications have been very largely apartments with only small amounts going to individual dwellings. The housing division does insist that plans for apartments meet certain requirements. One is that there must be cross ventilation in every apartment. There must be none of the old-fashioned "dumb-bell" apartments with long, dark halls from which a succession of rooms opens. That means the most proposed designs are of an H or cross-bar pattern. But it is hoped that the approved plan can give a maximum of privacy so that no tenant's window may face the window of a neighbor across the court. A hard problem for architects with some extraordinary plans resulting. It is not un-

likely that the standards set by the Housing Division of the Public Works Administration may lead to vital and valuable new ideas in mass housing in this country. In no case will tall buildings be approved. Six floors in large cities is the maximum, and most of the apartment plans are for three.

The largest project yet tentatively approved is in Cleveland, Ohio. The Government is to lend \$12,000,000 on three projects, the total cost of which is to be not more than \$14,000,000. The money is to be lent to a limited dividend corporation to be organized under the auspices of the Mayor's Business Recovery Commission. Data collected by a City Plan Commission have been used in selecting sites. Benedict Crowell and Newton D. Baker are among the sponsors. The work will provide "low cost housing in the worst slum areas in Cleveland" says the announcement from the Public Works Administration. It will provide two and three story apartments, two story fire-proof row flats and row houses. In all, more than 100 acres will be cleared and some hundreds of families will have homes renting for between \$8 and \$8.50 a room a month. Admirable as the project may be it should not be forgotten that the Government is lending from the taxpayers' money nearly 86 per cent of the cost. An 86 per cent loan at four per cent interest might bring a glitter to the eyes of a real estate man or a builder, but it is calculated to make a banker wonder where the world is headed.

The smallest housing loan so far tentatively approved by the Public Works Administration is one of \$40,000 to the Hutchinson (Kansas) Suburban Hous-

Loans for Housing Projects by the Public Works Administration

1. Projects on which loan contracts were signed by Nov. 8:

	Project Cost	Loan	Percentage	Rent per Room Houses
Euclid, Ohio	\$1,250,000	\$1,000,000	80	Houses
Hutchinson, Kans.	62,000	40,000	64½	Houses

2. Projects on which loan contracts will be signed by November 22:

Bronx, N. Y.—Hillside	6,099,363	5,184,458	85	\$11.00
Queens, N. Y.—Dick Meyer	4,168,940	3,210,000	77	11.00
Brooklyn, N. Y.—Spence Housing	3,036,180	2,025,000	67	11.00

3. Projects on which loan contracts will be signed before end of year:

St. Louis, Neighborhood Gardens	600,000	500,000	83½	9.67
Philadelphia Hosiery	996,000	845,000	85	7.80
Raleigh, Buylan Development	207,000	168,000	80	10.00
Atlanta—Tackwood	2,975,000	2,600,000	87½	7.75
Atlanta—Univ. Housing Corp.—Negro	1,400,000	1,212,500	86½	4.75

4. Projects tentatively approved but date of signing of loan contract uncertain:

Boston—Neptune Gardens	4,000,000	3,500,000	87½	8.50
Cleveland Homes	14,000,000	12,000,000	85½	5.50 & 8.50
Indianapolis Chamber of Commerce Planning Committee	5,250,000	4,460,000	85	9.41
Queens, N. Y.—Hallet Cove Gardens	3,500,000	2,975,000	85	10.72
Philadelphia Hillcreek	1,520,000	1,290,000	85	7.30
San Francisco Roosevelt Terrace	3,800,000	3,230,000	85	11.50
Cincinnati, Ohio, Lane Gardens Corp.	2,380,000	1,980,000	83½	9.00
Richmond, Va., Sunshine Apt. Corp. (Negro)	780,000	663,000	85	5.50
Chicago, Ill. Harms Park Housing	1,569,400	1,333,000	85	9.50

ing Association. It will provide 20 individual four room and five room houses each on two acres of land and renting at \$30 a month.

In this case there seems to be no question of slum clearance. Hutchinson, a city of less than 30,000 by the 1930 census, can't fairly be said to have slums. Rather the project with its house and two acres for each tenant seems to approach the subsistence homestead work of another part of the Public Works Administration.¹

Clearing up the slums

IN INDIANAPOLIS is a housing project which has interesting features. It is a project designed mainly for Negroes, is really a slum clearance job and the inspiration for it came from the Indianapolis Chamber of Commerce. The Community Plan Committee of the Chamber is seeking to organize a limited dividend corporation which will provide about \$800,000 of the needed \$5,250,000 leaving it to the Public Works Administration to lend the rest. If the plan goes through, about 750 slum dwellings will be torn down and in their places will be put up one story single family dwellings, two story flats, three story apartment houses and two story row houses. Rents will be around \$25 for a three-room unit including heat and \$30 for a four-room unit.

As a matter of principle, the Housing Division is concerning itself only with rental projects. With one exception, it is not financing home ownership, and that exception is the one instance in which by November 1 money had actually been advanced. At Euclid, Ohio, an industrial city some ten miles from Cleveland, a large number of lots had been sold to workers. Half of them are owned free and clear. The Government is lending to a housing corporation sufficient money to build houses on these lots to cost not more than \$5,000.

The problem of high land prices

THE problem of slum clearance and low cost housing in New York City is difficult because of high land prices. It is plain that, unless land values are modest, low cost housing is out of the question particularly if no building is to be more than six stories high and unless demands for cross ventilation and privacy are waived so that a large part of the land may be covered.

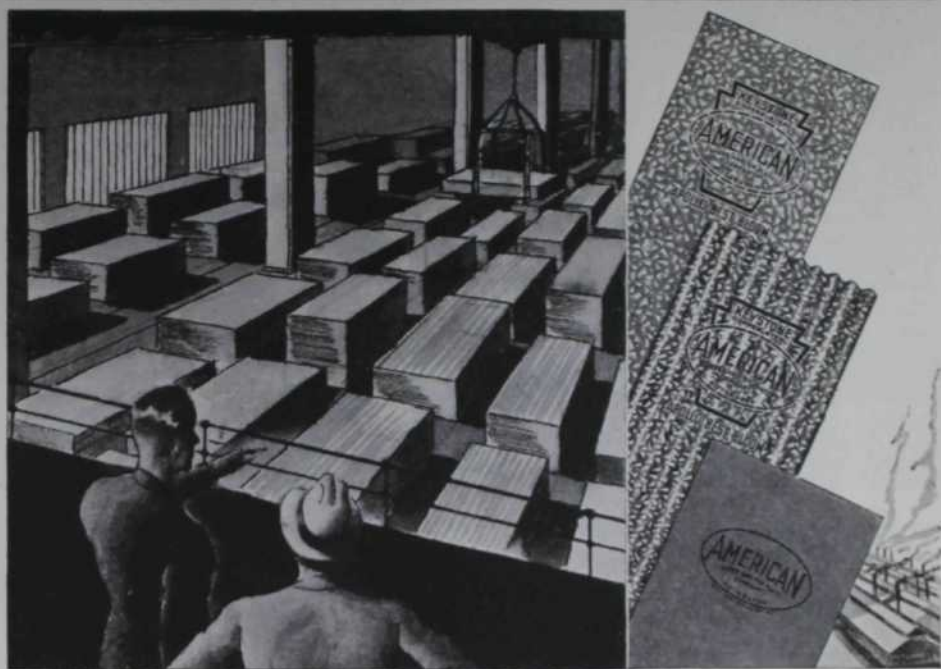
"There is no sense in abolishing horizontal slums to erect vertical slums," is the way Mr. Kohn puts it.

In New York City, therefore, the housing projects tentatively approved are in the Bronx and in Queens and they contemplate rents of \$10.50 and \$11 a room, close to middle class housing.

The specimen housing projects which

¹Nation's Business Nov. page 16.

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I have described all call for some investment by private capital. But it has not always been possible to raise even the small amount of money the Government asks.

In such cases the Government may take direct action. That was forecast by the recent incorporation in Delaware of the Public Works Emergency Corporation. In announcing the new company, Secretary Ickes said:

Government must do it?

"THE formation of this corporation is the outgrowth of our recent experiences in the PWA in attempting to increase building labor employment in the field of low cost housing.

"Our experience of the past three months indicates clearly that we may not depend upon private enterprise or limited dividend corporations to initiate comprehensive low cost housing and slum clearance projects."

Mr. Ickes further said:

"This scheme of federal aid should produce housing at rentals which have never before been attained. The assignment of these accommodations to families of low income must be closely guarded by the organization of agencies in a city to control their use so that those for whom they are built will really benefit.

"The housing thus provided will not be competitive with existing housing of good character."

What are the objections to this housing plan to be financed in large part or entirely by the Federal Government? The outstanding objection to it is that it is another tremendous invasion of the field of private business by government agencies.

Here's just a paragraph from a letter written by a prominent manufacturer voicing his protest:

Injurious to private business

"ITS (the Government's) undertaking would be of serious import to the housing business in every city in which it was put into effect. It is questionable whether any scale of rents utilized in such housing would not seriously discriminate against legitimate rents in a locality.

"We have only to witness the recent issuance of electric rates in the Tennessee project to find an example as to how government competition may be used in any business which the Government may choose to enter."

Another point raised in protest is that these government housing projects are costing too much, that the wage rates are too high, and hours of labor too short, that material costs are too high to justify so-called low cost housing. It is felt also that these buildings may find it difficult, even at low interest

rates, to compete with existing housing or housing that may be built in the next few years.

The Government's answer to this is to be found in extracts from Secretary Ickes' statement. Private money is hesitant and so Government must intervene because housing is a primary and essential way to increase employment.

In addition, the Government will tell you that, in many communities, it is the business men and their organizations who have asked that the Government undertake housing projects. They say also that the only real opposition comes from the owners of existing businesses who fear that their livelihood may be threatened.

Another criticism of these projects is that many of them are not truly low cost housing, that \$10 or \$11 a room is beyond the reach of the working man. Take a four-room unit at \$40 a month—\$480 a year—and try to fit it into the budget of a man getting \$40 a week or less.

Another criticism is that, although this governmental housing program may be helpful so far as it goes, it does not go nearly far enough toward stimulating and starting upward the vitally important construction industry with its accompanying resumption of employment.

Individual builders need help

THE point is made that the individual property owner who would like to develop his land holding or the man who seeks to build a home needs help from the forces in his own community who are most eager to see him build. Obviously, the men interested include contractors and material men, owners of unused land and realty brokers.

If, it is suggested, these men should form local mortgage companies from which the Reconstruction Finance Corporation might buy preferred stock, these companies might develop needed building projects other than those limited to low cost housing and slum clearance.

In this plan to stimulate local construction there is no desire to interfere with existing local financing companies. Wherever they exist whether in the form of building and loan associations, mortgage companies or banks willing to make loans on new properties for resale, they should be encouraged and, if possible, no competition with them should be set up.

Expedited construction, with its increased employment on the job and in material factories and its increased stimulus to the purchase of capital goods is one sure way to recovery and the mere construction with Government money of low cost housing is not enough to put the machinery of building in motion again.

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"Hark, from the Tombs..."

By BERTON BRALEY

P I P E down, pipe down,
Belly-achers!
We are sick of megrim-makers,
Wearied of the Lodge of Sorrow
Which sees only murk tomorrow,
Palsied quiverers and quakers.
Pipe down, pipe down,
Belly-achers!

Pipe down, pipe down,
Belly-achers!
Economic undertakers
From whom hopelessness emerges,
Chanting requiems and dirges;
We don't ask for Pollyannas
Chirping banzais and hosannahs,
But we weary of the rheumy
Eyed and lachrymosely gloomy
Band of agonized head-shakers
Prophesying rocks and breakers,
Dour and dismal quagmire-rakers.
Pipe down, pipe down,
Belly-achers!

Pipe down, pipe down,
Belly-achers!
Sad, sepulchral echo-wakers,
Moaning public moans and private
Over business that is lagging,
Doing nothing to revive it,
Sobbing sounds of spirits sagging,
Just a bunch of futile fakers,
Whiners, quitters, task-forsakers.
Pipe down, pipe down,
Belly-achers!

We don't want smug "all-is-well"-ers,
Nor bland "silver-lining" sellers.
What we crave is hope-awakers,
Courage-makers,
Sluggard-shakers,
Clear-eyed opportunity-takers;
Sportsmen unafraid of chances,
Undeterred by circumstances,
Fighters and tradition-breakers.
Pipe down, pipe down,
Belly-achers!

The Workers' View of Europe

(Continued from page 20)

be viewed as emergency measures and emergency measures only—not as measures for permanently remaking American Society.

Too many political and intellectual leaders appear convinced that German and Russian results are now good enough to authorize us to depend permanently on blanket codes, collective regimentation, and governmental fiat—to throw overboard forever all reliance on individual initiative, inventiveness, and enterprise.

We are behaving like Pre-Hitler Germans. Defeated economically in '29, we are trying to "save our face" by letting Uncle Sam do it—while we crawl under the bed. In exactly the same way, so I have observed, everybody, after a few weeks of bumming, soon contrives to figure out and accept as permanent a philosophy which saves his pride by making the life of a bum look not only bearable but attractive. That's because we humans mostly live our way into our thinking.

In '29 we lived ourselves into excessive and absurd individualism. Today we are living ourselves too far into a new "collective play-safe-ism." What we need, along with our efforts to end depression, is to base our long-time planning on the experience of neither (abnormal) '29 nor (abnormal) '33, but, instead, the average of our entire experience since 1920. This will bring more government in business, more socialism and less individualism, than in 1929. But it will not exact security while murdering opportunity in the measure urged by present-day short-sighted extremists.

As the result of our entire experience, our worker has enjoyed—and still enjoys—a higher level of living than any worker in the world. To date, the experiences of Russia and Germany teach mainly this:

Government brings only hunger when it watches the golden eggs so closely that it discourages the goose from laying them!

Our American worker will be forced to trade his car for the German worker's bicycle if we do not distinguish between emergency requirements for ending depression and permanent requirements for a better society—if we forget that, while the Kingdom of American Well-being heads up in Washington, it, nevertheless, continues to depend largely upon individual fairness and individual aspiration and effort.

Sincerely,

WHITING WILLIAMS



John Vassos says

... "Out of the union of art and industry one thing has been born—beauty of design. It is beginning to be accepted as a practical necessity in industry"

WITH THE PUBLIC there is a conscious or subconscious preference for the beautiful. The weighing scale, gasoline pump, or refreshment bar of unusual beauty of design always entices coins from more pockets. People place more confidence in goods that are proudly offered for sale.

The artist-designer adds to the most utilitarian products, a form and color that appeals to the eye, and makes them stand apart from those of competitors as something superior. He also realizes that beauty of form must be expressed in appropriate materials. Like Mr. Vassos who used Bakelite Laminated in Nedick's refreshment bar, many designers have found in this and other Bakelite Materials practical mediums for the economical interpretation of their ideas.

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JOHN VASSOS, New Canaan, Conn., is a designer of repute in many fields. He has added sales compelling beauty to such commonplace products as stoves and turnstiles, and also has created designs of conspicuous artistic merit for furniture, windows, floor coverings, and containers. Photo shows Nedick's refreshment bar, with paneling, ceiling and bar of Bakelite Laminated. John Vassos, designer.

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Your Bank and the Guaranty

(Continued from page 18)

ing differences and great advantages of the federal insurance plan as compared with the various state plans. Those plans, it has been pointed out, failed to pay all depositors because their assessments were limited and inadequate. But the federal plan, it is argued, provides for unlimited assessments on sound banks, so that all depositors in failed banks will be certain of payment of their deposits.

This argument may catch irresponsible political and popular approval but, to the business man with large interests in the safety of his own bank, it is indeed a cause for anxiety. Does it mean that his own sound bank, as were the banks in Texas, may be bled white to pay for the losses of other banks in all parts of the country?

Surely, this is a poor way to restore business confidence in the banking situation.

Have bars been dropped?

AGAIN, it is argued, stringent examination, standards and supervision will insure that only sound banks will be admitted to and allowed to remain in this federal plan. Yet when responsible bankers showed that this would mean the closing of thousands of state banks on January 1, because they could not technically qualify under such a plan, resulting in still further contraction of buying power and a renewed liquidation of values, which would interfere seriously with plans of business recovery, there occurred what looked like a virtual abandonment of the principle of insisting on a known, finally established standard of risks that would virtually eliminate the probability of loss. Instead of the policy of stringent Federal Government examinations at first declared, it was proposed at a national convention of the heads of state banking departments that state banks be accepted into the federal insurance plan on a basis of examination and certification by their own banking departments in accordance with standards prevailing in their respective states. It was indicated that this plan would be acceptable at Washington.

The state banking supervisors, who had apparently started out to oppose the federal insurance plan, later endorsed it.

Do these events mean that the stringent standards are to be let down and virtually all banks let in, constituting an unsound condition at the outset of the plan, and spreading its protection over a field of unselected risks comprising good and bad banks alike?

Do they mean that expediency in administering the plan is to supersede principle? Do they mean, also, that federal banking policies are to be subordinate to the Administration's politico-economic measures—that in handling the banking problem not sound banking principles will be the sole consideration, but that considerations of the Government's particular scheme of stimulating general business recovery will be the final criterion?

There is nothing in the federal insurance of bank deposits plan to inspire the confidence of the thinking business man in the banking future, but there is much to cause him grave concern.

No substitute for strength

BECAUSE of inherent moral fallacies, no deposit guaranty or insurance scheme can give business men that sense of security which only unquestioning reliance upon their banks because of their own independent soundness can give. There is no substitute for that. They do not want a guaranty. They want reasons for unwavering confidence in those with whom they deal.

I frankly admit that, unfortunately, we have not been able to feel that sense of security toward the banking situation as a whole for several years no matter how much confidence some of us individually may have had in our own banks and bankers.

However, until this new guaranty plan was created, we began to feel that the way was opening for the return of confidence in banking.

I believe that thinking business men, whether they have had first-hand experience with guaranteed banking or not, will, if they consider the fundamental realities of the matter, see clearly that nation-wide deposit insurance will render their own positions at their banks less secure. This is especially so where they are doing business at a strong, well managed bank which is now entitled to their unquestioning faith, because the insurance plan as now imposed on the country forces that strong bank to endanger its position by sharing its strength with innumerable unseen, and possibly weak and mismanaged institutions in all parts of the country over which it has no influence or control.

Something far more fundamental than insurance plans must be brought into the banking situation if business men are to have unquestioning confidence in their banks.

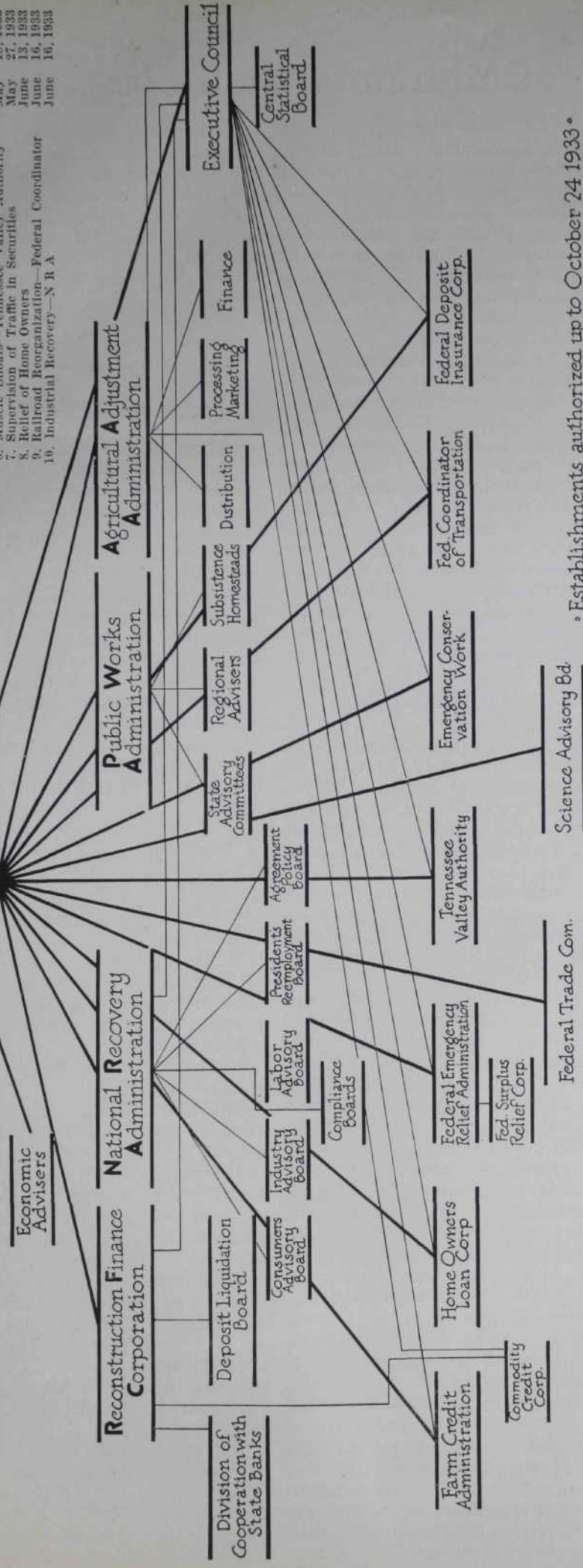
I am convinced that it is the most dangerous nostrum that this period has produced.

The Anatomy of the "New Deal"

House — Congress — Senate

Administrative development of the President's 10-point program as defined in his messages to the Seventy-third Congress:

1. Emergency Banking Relief March 9, 1933
2. Maintenance of Government Credit March 20, 1933
3. Unemployment Relief (reconstruction) March 21, 1933
4. Emergency Agricultural Relief May 12, 1933
5. Federal Emergency Relief May 12, 1933
6. Muscle Shoals—Tennessee Valley Authority May 18, 1933
7. Supervision of Traffic in Securities May 27, 1933
8. Relief of Home Owners June 13, 1933
9. Railroad Reorganization—Federal Coordinator June 16, 1933
10. Industrial Recovery—N. R. A. June 16, 1933



(RFC) Reconstruction Finance Corporation (Public Act 2, 72d Congress, and subsequent legislation)—To provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry.

(NRA) National Recovery Administration (Public Act 67, 73d Congress, H. R. 5755)—To remove obstructions to the free flow of commerce, to induce and maintain united action among labor and management, to eliminate unfair competitive practices, to promote the fullest possible utilization of present productive capacity of industries, to increase the consumption of industrial and agricultural products by increasing purchasing power, to reduce and relieve unemployment, to improve standards of labor.

(PWA) Public Works Administration (Public Act 67, 73d Congress, H. R. 5755)—To construct, repair, and improve public highways and parkways, public buildings, and publicly owned instrumentalities and facilities; conservation and development of national resources; projects to serve the interests of the general public; low cost housing and slum clearance projects; (provides for financing of work on hospitals, reservoirs and pumping plants, dry docks, naval construction, aircraft, army housing and mechanization or motorization of army tactical units designated by the President) to provide for aiding the redistribution of the overbalance of population in industrial centers.

(AAA) Agriculture Adjustment Administration (Public Act 10, 73d Congress, H. R. 3835)—To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period (August, 1909—July, 1914, for all commodities except tobacco, which is to be determined by the period, August, 1919—July, 1929) . . . to protect the consumer's interests.

(FCA) Farm Credit Administration (Public Act 75, 73d Congress, H. R. 5790)—To provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Federal Marketing Act, to provide a market for obligations of the United States.

(HOLA) Home Owners Loan Corporation (Public Act 43, 73d Congress, H. R. 5240)—To provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debts elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States.

(FERA) Federal Emergency Relief Administration (Public Act 15, 73d Congress, H. R. 4806)—Directs the Reconstruction Finance Corporation to make available \$500,000,000, in addition to other funds, for use of the Federal Government in cooperating "with the several states and territories and the District of Columbia in furnishing relief to their needy and distressed people."

(TVA) Tennessee Valley Authority (Public Act 17, 73d Congress, H. R. 5081)—To maintain and operating the properties now owned by the United States in the vicinity of Muscle Shoals . . . to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee and Mississippi River basins.

(CCC) Emergency Conservation Work (Public Act 5, 73d Congress)—To give employment to 300,000 young men in projects comprehending reforestation, soil erosion, flood control, etc., and in national park development, commonly known as the Civilian Conservation Corps.

(FCT) Federal Coordinator of Transportation (Public Act 68, 73d Congress, S. 1580)—Created "in order to foster and protect interstate commerce in relation to railroad transportation by preventing and relieving obstructions and burdens thereon resulting from the present acute economic emergency, and in order to safeguard and maintain an adequate national system of transportation."

(FDIC) Federal Deposit Insurance Corporation (Public Act 66, 73d Congress)—To protect bank depositors from loss or fear of loss, to protect bankers from frightened depositors. Guarantee deposits up to \$5,000 beginning January 1, 1934, applying to 5,700 banks in the Federal Reserve system; others may qualify.

(DLB) Deposit Liquidation Board (Executive Order)—To stimulate and encourage liquidating agents of banks closed after January 1, 1933, to borrow from the Reconstruction Finance Corporation in order that funds may be made available to depositors as quickly as possible.

(CCC) Commodity Credit Corporation (Executive Order)—To engage in buying and selling, or to lend upon commodities, initial capital of \$3,000,000 is authorized, credit for cotton loans the first activity.

(FTC) Federal Trade Commission (Public Act 22, 73d Congress, H. R. 5480)—To provide full and fair disclosures of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof.

(TEC) The Executive Council (Executive Order)—To coordinate emergency activities, and to prevent duplication in the reconstruction program; includes Cabinet members and key men of the recovery agencies.

(CSB) Central Statistical Board (Executive Order)—To coordinate statistical work of the government establishments with the avoidance of duplication an objective.

(SAB) Science Advisory Board (Executive Order)—To consider scientific activities of the various government departments. The order specifies that the Board is to carry out to the fullest extent the scientific program of the National Research Council created by President Wilson in 1916.

Economic Advisers, the "Brain Trust"—A group of advisers who have been regarded as close to the President in confidential relation.—R. W.

Establishments authorized up to October 24 1933.



Memo

TO THE

MEN WHO PLAN

FOR

- ✓ Mills, Factories, Plants
- ✓ Truck and Bus Fleets
- ✓ Garages, Repair Shops
- ✓ Painting Shops
- ✓ Air Transport
- ✓ Food Industries
- ✓ Chemical Plants
- ✓ Oil Refineries
- ✓ Building Cleaners
- ✓ Contractors in general
- ✓ City, County, State Highways
- ✓ Etc., etc.

Re

HYPRESSURE

Jenny

MODEL D

With labor charges and raw materials going up, there's still one place you can save money — on your cleaning costs . . . We're ready with the fully automatic 1934 Model Hypressure Jenny for all industrial cleaning, paint-stripping or sterilizing — 8 to 12 times faster than ordinary methods—effecting corresponding savings.

Investigate Vapor-Spray Cleaning—
Write for our new illustrated Brochure-D

HOMESTEAD VALVE MANUFACTURING CO.
CORAOPOLIS, PENNSYLVANIA

When writing please mention Nation's Business

Children of the Depression

(Continued from page 38)

Bakelite Corporation, pioneer in this plastic field, has perfected paper-mill type of products where synthetic resin and fiber are introduced in the regular paper-mill process and sheets formed on the standard Fourdrinier or cylinder machines. Synthetic resins for coating fabrics, others particularly adapted for protective coatings are new developments of this corporation.

Within the past year or two the ceramic industry has introduced new products from clay deaerated or vacuumized as by the Maurice A. Knight Company, or subjected to a high-frequency electrical field as by the United States Stoneware Company. The resulting bodies are much denser and more resistant to the corrosive materials usually handled in them. Glass-lined equipment, the specialty of the Pfaunder Company, has also made progress and, at the Chemical Exposition, the Company will exhibit glass-lined steel equipment complete for distillation.

A highly efficient lamp

FROM the list of the General Electric Company's work may be cited the sodium vapor lamp. Its full utility has not been developed, but its high efficiency and the quality of its light make it an interesting possibility for street lighting.

Throughout the country are piles of waste materials like slate and limestone, high in aluminosilicates which will react with lime to form a synthetic stone. Rostone is the name given this material, and a house was erected of it at A Century of Progress. The variety of surfaces, colors, and sizes of molded blocks makes this child of depression attractive for structural as well as decorative work, while the wide distribution of the raw materials makes it attractive as an architectural medium.

To recover one pound of material from 2,000 gallons appears rather hopeless commercially, or it did until the Ethyl Dow Company perfected the method for winning bromine from sea water. At its plant near Wilmington, N. C., 26,000 gallons of sea water will be processed each minute of the 24 hour day to win 500,000 pounds of bromine each month. All this bromine will be used in the manufacture of ethyl fluid, the compound employed to improve the anti-knock quality of gasoline. The process has been proven and the full scale plant is to start by January 1.

There is more to the glass story. At Corning, a glass insert for the top of a packer's can has been developed so that the contents can be examined. A new

type of power line insulator has been introduced as has a process which gives new surface hardness for winding bobbins used in the rayon industry. The Kimble Glass Company has brought out Exax blue-lined calibrated glass ware for the scientist, and small containers of liquid-type screw-capped vials.

Research in the realm of cellulose fibers has led to the introduction of purer cellulose. The Brown Company has been prominent among those who are offering new products in this field. Yarns of cellulose derived from wood have been given characteristics enabling them to compete with other fibers. Other materials include substitutes for leather and papers for roofing.

Things have been happening also in the field of naval stores and more particularly in rosin products and highly refined pine oils. The Hercules Powder Company has coined a new group of trade names for these products and their utility ranges from Brisgo—a rosin product useful in dehairing hogs—through a number of insecticides, detergents, insulation products, and dry wood rosin paper size, to Herco, found useful in repelling insects, in counteracting the effect of their bites, and other uses.

New aluminum products

THEN there are a number of interesting new children of depression for which we have space for but a mere mention. E. S. Merriam has perfected a new type of grinding wheel utilizing aluminum oxide in a way that gives this abrasive material bound by another form of aluminum unique cutting properties. The Philip Carey Company presents aluminosilicate insulation.

The Gulf Refining Company, after years of research with the aluminum chloride refining process, has introduced Gulf Pride oils, which compete with the Syntholube of Standard of Indiana, a lubricant based upon paraffin, and with Essolube, a hydrogenated product of Standard of New Jersey.

Azochloramid finds its place in this collection as a new chlorine disinfectant. The Michigan Alkali Company has perfected a new fumigant. The Lucidol Corporation has brought out three new chemicals which can be produced in any quantity but which at the moment are looking for jobs.

The Mallinckrodt Chemical Works has brought out a new product which is being used for X-ray examinations of the kidney and bladder. It can be introduced orally or intravenously. Merck & Company, among others, has de-

veloped two new products—a new general anesthetic, Vinesthene; and Mecho-
lin, which is being successfully used in
the treatment of paroxysmal tachycar-
dia, Raynaud's disease, Buerger's dis-
ease, and intestinal atony.

Research at the Bureau of Fisheries
has led to remarkable development of
domestic fish oils as sources of vitamins
A and D. This new industry received
its start early in the depression and has
grown rapidly. Previously the United
States was almost entirely dependent
on foreign sources for its vitamin-bear-
ing fish oils. The results are being ap-
plied by several commercial firms.

Parke, Davis & Company, together
with the Abbott Laboratories, have
perfected processes for the extraction
and preparation of oil from the livers of
the halibut, giving us a product far
more potent in vitamins than anything
heretofore available. Haliver Oil is the
new trade name.

A new group of gases

THE Sharples Solvents Corporation,
using the gas pentane as a raw material,
has built up so many products as to
form its own family tree. One of these,
Pentalarm, is a mixture of amyl mer-
captan and a corrosion inhibitor and is
used as a warning odor for fuel gases
and certain refrigerants.

The winning of by-product potash
from cement plants is not really new,
but the Western Precipitation Com-
pany has installed in the North Ameri-
can Cement Co.'s plant at Hagerstown,
Md., a by-product potash recovery
system which, for the first time, is mak-
ing directly and without subsequent
treatment a relatively high grade potash
product. This installation represents the
first direct production of a concentrated
potash product as a by-product of
cement manufacture.

The Sterling Products Company has
developed methods for shipping hydro-
fluoric acid in tank car lots. For years
this important raw material has been
handled in very small packages because
of its highly corrosive nature.

In metals and alloys, too, science has
marched on. The continual effort to
overcome corrosion has brought us
nickel-clad steel where a rolled coating
of nickel on steel gives the protection
that nickel affords in heavy equipment
at low cost. The International Nickel
Company has brought out, among
other things, Inconel, a corrosion-resist-
ing and stainless alloy of chromium and
nickel.

The Duriron Company has contrib-
uted Durichlor which not only resists
the corrosive action of the materials for
which Duriron, its predecessor, has been
employed, but is almost completely res-
istant to hydrochloric acid at all con-
centrations and temperatures up to the
boiling point. These materials find their

You would STOP this Waste

Are you paying for WASTED LIGHT?




IN MANY PLACES of business
there is expensive waste of light,
because such waste can go on with-
out attracting attention. For this
reason, General Electric's Lighting
Specialists present the following
facts:

1. Light is wasted where lamps and
reflectors are smudged or dusty. A
month's accumulation of dust may shut
off as much as 25% of the light that is
paid for.

2. Dark walls and ceilings absorb light
... mahogany 92%, natural brick 93%,
dark brown 90%, cement 76%. Flat
white is a good reflector.

3. Poor lighting will result if the cir-
cuit voltage is lower than the lamp vol-
tage. Circuit voltage and lamp voltage
should be the same.

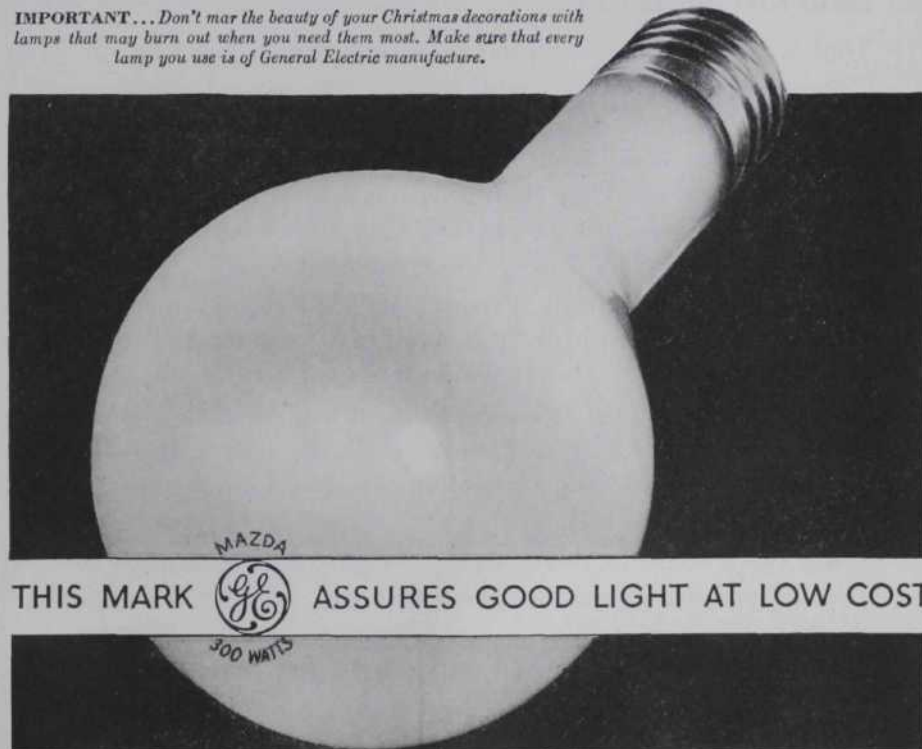
4. Inferior lamps use more electricity
than they should for the light they give.


The sure way to avoid such waste is by
using lamps made by a dependable
manufacturer. This monogram  on
lamps assures no waste of current, no
quick blackening, no premature burn-
outs. It is on all Edison MAZDA Lamps.

Poor light is a common cause of
poor work and slow production. It
is also a direct or contributing cause
of 25% of all industrial accidents ...
We suggest that you route this in-
formation to the people who buy
and take care of your lamps.

The free services of an engineer
are available without obligation.
Find out whether *you* are getting a
full return on your lighting invest-
ment. Write now to Department
166, General Electric, Nela Park,
Cleveland, Ohio.

IMPORTANT... Don't mar the beauty of your Christmas decorations with
lamps that may burn out when you need them most. Make sure that every
lamp you use is of General Electric manufacture.



THIS MARK  ASSURES GOOD LIGHT AT LOW COST

EDISON MAZDA LAMPS

GENERAL  ELECTRIC

When writing to GENERAL ELECTRIC COMPANY please mention Nation's Business



EWING GALLOWAY

Eight Million Men Would Go Back to Work

If Industry Would Only Buy!

★ IF industry would only buy durable goods—machinery, trucks, tractors, buildings—then eight million workers would again start earning—and spending. Prosperity would be on its way.

That is the belief of the capital goods industry.

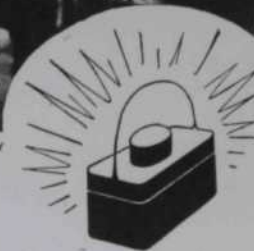
Buying will hardly start with wishing. The capital goods manufacturers must start the movement, themselves, by aggressive selling. The one solid hope is self-help. Business men don't buy for patriotic or sentimental reasons. They buy for selfish, money-in-the-pocket reasons. Markets are gained just now as they always have been gained—by individual, imaginative, courageous pioneering.

Industry might buy capital goods if the capital goods manufacturers would only sell! Sell with all the sound reasons in their kit . . . aggressively, intensively . . . in all available ways.

Advertising has proved itself a faithful tool for such a job. Advertising to influential executives through NATION'S BUSINESS will establish recognition, strengthen reputations and buttress the order-getting power of your sales staff.

Ask for a NATION'S BUSINESS representative to work with you and your advertising agency on plans that will actually get immediate orders.

EIGHT million men may go back to work, if the capital goods industry will only sell!



outlet in pumps, valves, pipe fittings, kettles, jets, exhaust fans, and similar equipment.

Marked advances in meters have been made by the Bailey Meter Company and by Schutte & Koerting Company, the latter having produced a new type of flow-meter designed for the accurate measurement of corrosive chemicals. Sharples Specialty Company has perfected a rotojector for separation and clarification while the Productive Equipment Corporation adds an automatic cleaner for its vibrating screens.

The new high intensity magnetic separator comes from the Separations Engineering Corporation and the Karl Kiefer Machine Company has a new rotary bottle blowing machine which cleans new bottles with compressed air.

The Turbo Mixer Company gives us equipment for mixing gases and liquids for chlorination, oxidation and similar reactions as well as for the rapid aeration of activated sludge sewage. The Turbo mixer is useful too for bringing rapidly into solution the xanthate crumbs of the viscose process and the cellulose acetate in the acetate process for chemical fibers. Their paint dispersor is an aid in the rapid grinding of pigments or the wetting of pigments by oil.

The National Engineering Company has also developed new mixers especially useful for dry, plastic, and semi-plastic operations. Buffalo Foundry & Machine Company has developed chromium plated twin drum dryers and the Louis Allis Company a new splash-proof motor of which the General Electric Company and Westinghouse have their own models.

Gases are important in many industrial operations and so the Matheson Company presents "A circulating library of 30 gases in five different bindings."

The trend toward micro-methods for analysis has led to improvements in microscopes, in balances, and in color comparators.

The Texas Company has developed a process for removing undesirable constituents from oil by treatment with furfural. It apparently removes carbon and sludge, producing a more satisfactory lubricant. It will be remembered that furfural is a product of the Quaker Oats Company and is produced from by-product and other waste oat hulls.

The problem of the paper container has been attacked again with considerable promise of success, largely because of new coating and impregnating materials which make it moisture proof and oil proof. Some milk is being sold in these single service containers and their use for high grade lubricating oil is near. Interest has even been expressed in the possible utilization of such containers for the storage of certain grades of wine.

NATION'S BUSINESS

WASHINGTON

Employee Purchases at Wholesale

By FRANK R. BEEDE

Secretary, Antioch Lumber Company, Antioch, Calif.

★ WITH the readjustment of industrial activities which the Government is inaugurating, it seems to me that there is one practice, indulged in by almost every industry, that is so unfair, so entirely foreign to our accepted methods of distribution, that its elimination should be included in the code of ethics of every industry. Yet so stealthily has this evil developed that it has been entirely unobserved or at least it has been completely ignored.

This evil is the practice of permitting employees to purchase, at wholesale prices, any commodity that can be obtained through the employer's purchasing department.

To get a proper perspective, let us consider briefly the regular channels through which the bulk of our commodities flow from the manufacturer to the consumer and the value of the service each unit performs.

As a general thing, the manufacturer's goods are sold to the wholesaler who, in turn, sells to the retailer for final disposal to the consumer. Each performs a valuable service and is entitled to receive proper compensation.

The most valuable service, however, is that given by the retailer. On him falls the responsibility of providing the orders to keep the mills going. He collects the money to meet the pay rolls; he makes it convenient for the consumer to buy; he even creates the desire for articles the consumer may never have heard of before.

In other words the retailer is the ultimate production manager, bill collector and salesman. His only compensation is the profit he receives on the sale of his goods. Why, then, rob him of his pay by continuing a practice that is neither profitable nor honorable, which neither ultimately benefits the employer or the employee and which tends to undermine the very foundations of trade?

The manufacturer's good will with the retailer is his greatest asset and should be jealously guarded. Surely the manufacturer cannot court the confidence of the retailer by permitting his products to be peddled off to the con-

sumer at the same price the retailer is expected to pay.

If this practice were limited to the manufacturer wholesaling his own products to his employees only, it would be bad enough, for he would be injuring himself alone, but the abuses of this system are almost unbelievable. I have had employees of a chemical plant offer to procure for me, at wholesale through their company, everything from sheets

QUESTIONS of prices and price fixing have complicated the discussion of several NRA codes. On page 39 of this magazine, Q. Forrest Walker presents the case against price fixing. An article presenting the other side of the argument is planned for an early issue.

and pillow slips to golf balls. I have had similar offers on plumbing supplies, fishing tackle, paint, roofing, shotguns, furniture and kitchen utensils from employees of a paper mill.

A steel mill maintains a butcher shop and grocery store where its employees may obtain food at reduced prices to take home and sell to their friends.

Elimination of this practice would be a forward step on the road to recovery and the sooner it is done the better. A wonderful opportunity to accomplish this is offered now when all industries are forming a code of ethics to be enforced by the Government. Every industry should grasp the opportunity so offered.



TWICE EACH YEAR

LEIPZIG

becomes the market place

of 72

NATIONS

EVERY Spring and every Fall, the Leipzig Trade Fairs play host to some 7,000 exhibitors from 22 countries . . . and to 130,000 buyers and business men from 72 countries. The 1934 Spring Fair opens March 4th.

Your line of business is represented at these Fairs. Shrewd buyers will find the present conditions in international trade particularly favorable for profits. In one week's time, you cover the latest offerings of the whole civilized world—in your line.

In the *General Merchandise Fair* (March 4-10), 5200 firms show every possible item for the department store and specialty shop. In the *Great Engineering and Building Fair* (March 4-11), there are 1800 practical exhibits of machinery, building equipment, tools and manufacturing processes. 46 gigantic fair palaces and buildings house these exhibits, so grouped as to make comparison easy. With 700 years' continuous experience, every need of both buyer and exhibitor has been met.

We invite you to write for Booklet No. 26 which tells the story of the Fairs in greater detail. Our New York Office—or an Honorary Representative in your vicinity—will gladly furnish any specific information you request. Let us tell you of certain important trade discounts, travel economies and courtesies, available to Leipzig Fair visitors. Please write today. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City.

LEIPZIG TRADE FAIRS

The Spring Fair opens March 4th

WATCHMAN ON THE 5TH FLOOR...FIRE ON THE 1ST

NO WATCHMAN can know where fire will strike...he may be patrolling on schedule—but far from the flame that springs up to destroy or the burglar awaiting his chance.

Every part of your building can be protected against fire and theft—CONSTANTLY—AUTOMATICALLY. The entire premises are protected as if by an army of keen watchmen. The fire department is notified—AUTOMATICALLY—ACCURATELY—at the first breath of flame. The police department is summoned—AUTOMATICALLY—the moment an unauthorized entry is made.

A. D. T. Automatic (electrical) Protection Systems protect thousands of buildings throughout the country. These systems outwatch the most conscientious watchmen. They give BETTER PROTECTION AT LESS COST. They safeguard the continuity of employment—and of the business itself.

IG COMPANY

*Write for
information*

Just tell us whether your buildings are sprinklered or unsprinklered and how many watchmen are employed. Without obligation our engineers will make a survey and point out the economies and the many benefits available to you.



CONTROLLED COMPANIES OF

AMERICAN DISTRICT
TELEGRAPH COMPANY

155 SIXTH AVENUE - NEW YORK N.Y.

A NATION WIDE SERVICE

When writing please mention Nation's Business

Williamson Honors King Coal



A special lighting system sets off the beauty of the Williamson Chamber's new edifice of coal

✓ IN 1892 a corn field tasseled on the West Virginia bank of the Tug River. The farmer who worked the field could, if he wished, eat his noon-day lunch in the shade of the biggest White Oak Tree in the World.

The tree is still there, but the corn field is gone. In its place stand the modern buildings of Williamson, county seat of Mingo County, a city of some 10,000 people.

The chief reason for this change is coal. The lands around Williamson contain fuel deposits so rich that Williamson claims to lie in "the heart of the billion dollar coal field," and is justly proud of the distinction.

An opportunity to make a practical demonstration of the quality of its fuel came recently when the Williamson Chamber of Commerce decided to erect a new building.

The structure, designed by H. T. Hicks, architect of Welch, W. Va., is of conventional materials throughout, with one exception.

A new building material

THE side walls, 12 inches thick, are entirely of coal.

The 65 tons of fuel which served this unusual purpose were mined and donated by companies in the vicinity. The blocks, especially shaped for the purpose, are laid up in white mortar except the two pilasters on the front of the building. These pilasters, hand

sawed to absolute smoothness, are laid up in black mortar. Flood lights at their base and the cove lighting system in the vestibule entrance make the new building especially attractive at night.

The entire outer surface of the building was given a heavy coat of varnish which increases the glossy effect of the material used and at the same time acts as a protection against weathering.

The interior walls are white, a striking background for a false fireplace and mantel constructed of brick and coal.

Local citizens helped construction

THE idea for this building was conceived by O. W. Evans, general superintendent of the Norfolk and Western Railway Fuel Mines, and president of the Williamson Chamber. The project was carried out with the assistance not only of the fuel companies but of interested citizens who contributed much of the material and a considerable sum in cash. Local carpenters, plumbers, masons, plasterers and others assured the success of the scheme by donating labor.

It is the Chamber's intention to acknowledge these contributions by listing the names of those who assisted on plaques to be placed on either side of the vestibule entrance.

It is erected on a plot of ground made available by the County Court of Mingo County and occupies a central and prominent location.

Business and Transportation

✓ A DEFINITE program for the establishment of more equitable competitive conditions in the transportation field has been adopted by the membership of the Chamber of Commerce of the United States in a recent resolution in which 18 recommendations were voted on.

Respecting water transportation, the membership voted that common carriers should be required to obtain certificates of public convenience and necessity and be subject to rate regulation, including port-to-port rates, that other competing vessels should be required to charge the common-carrier rates, and that rates of water and rail carriers to competitive points should be adequately compensatory to the carriers making the rates.

Opposed government operation

ANOTHER important recommendation passed was: "Government operation of commercial water transportation should be discontinued." This vote would apply particularly to the operation of barge lines in the Mississippi basin in competition with both railroads and private barge lines. The Chamber had tacitly favored this operation as a test of barge line efficiency, but the present vote of more than 1800 favoring the proposition to 160 opposed, indicates that the Chamber membership is convinced that the government operation of these barge lines has already served its purpose. Many business interests have opposed this government expedition in business for some years.

In the field of intrastate highway transportation, it was recommended that motor busses should pay a user tax in the form of a mileage tax graduated according to the seating capacity and that motor trucks should pay a user tax reflecting fairly the demands each makes upon the highways.

To take care of the special cases where trucks must leave their home state and enter another state only occasionally, it was recommended that the "states should enter into reciprocal agreements for issuance of special licenses at equitable rates to commercial vehicles out of their home states."

Intrastate motor carriers for hire should be required to obtain permits to operate and should be required to "file, post and adhere to rules that are just, reasonable and non-discriminatory among shippers."

Gasoline taxes, it was recommended, should be levied only by the states and



SHORT ROUTE TO THE ORIENT

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First Class **\$285**

Business men who "commute" to the Orient discovered the short route on famous President Liners. A sailing every other Saturday from Seattle and Victoria, B. C. • All President Liner staterooms are *outside* with deep-sprung beds, not berths. The food is unsurpassed.

Round the World (from Seattle) \$745 First Class all the way; \$625 Tourist Class trans-Pacific, First Class beyond. Go as you please, stopover when and where you like. Continue on the next or another President Liner.

AMERICAN MAIL *Line*

Offices in New York City, Chicago, San Francisco, Los Angeles, Seattle, and other principal cities. Or see your own travel agent.

the rate should be kept low enough not to encourage wholesale evasion. Commercial users of highways should be required to establish financial responsibility for public liability.

The membership voted that safety requires "that hours of service of operators of commercial motor vehicles on highways should be reasonably limited by public authority."

No size limits voted

ON 17 of 18 recommendations put before the membership the votes were decisively in the affirmative. The one declaration which did not carry was that endorsing the size and weight limits for motor vehicles recommended by the American Association of State and Highway Officials. A majority of the votes cast were opposed to the declaration, but totaled less than the two-thirds necessary to commit the Chamber against it. The Chamber's by-laws require a two-thirds vote either for or against a proposition to commit the Chamber.

The interstate regulation recommended was similar to the intrastate. In addition it was recommended that: "The interstate regulatory authority should act as an appellate body, with provision for initial delegation of authority to boards of state regulatory bodies from states affected by each case that arises."

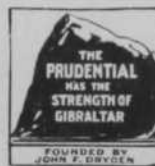
What Can Be Done To Help?

An employee dies, leaving his family little or nothing for immediate and future needs.

The man for whom and the men with whom he worked feel called upon to help.

Group insurance prepares for such emergencies before they occur. It is the sensible way of joining hands to provide adequate assistance.

WE INVITE INQUIRIES FROM EMPLOYERS



THE PRUDENTIAL
INSURANCE COMPANY
OF AMERICA

EDWARD D. DUFFIELD, President
HOME OFFICE, NEWARK, N. J.

Into which Picture do you fit?

This executive has on his desk several proposals which look good if only the firm had additional capital. But why not first release the funds which are locked up in customer 'paper'? Many firms complain of insufficient capital when actually they have more than is needed for manufacturing or distributing. The reason they feel a 'pinch' at times is because capital which should be kept liquid is tied up in a sideline banking business of carrying their customers.



This President is eloquent when describing how he has repeatedly gone over every phase of his Company's business in search of leaks and inefficiencies. But he hasn't asked himself this question, "How much is it really costing us to take care of our own deferred payment financing and collections? Count everything... time, expense, legal fees, bad debts, etc. Are we getting the results from our efforts that we could have by turning everything over to a responsible, experienced financing company?"



The firm, large or small, which has a banking connection with C. I. T. is better able to make its normal calculations, knowing it has access to a credit service which has proved dependable.



COMMERCIAL INVESTMENT TRUST INCORPORATED

Executive Offices: One Park Ave., New York

Affiliated Operating Companies with Head Offices in New York — Chicago — San Francisco — Toronto, Canada.

Also Completely Functioning Local Finance Offices in the Principal Cities

Unit of COMMERCIAL INVESTMENT TRUST CORPORATION—CAPITAL AND SURPLUS OVER \$70,000,000

What Bankers and Investors Discuss

★ THOSE who believe that the existing Securities Act can be made better and more effective are beginning to get their ideas, their criticisms and their proposals into shape.

Committees of the American Bar Association, the Investment Bankers' Association and the United States Chamber of Commerce have been studying the bill and considering changes.

Hinders refinancing

THE major objection to the bill is that it is interfering with the normal and needed flow of private capital into industry and that in particular it has hindered—in fact made practically impossible—the refinancing of maturing securities. It is pointed out that registrations under the Act have been almost entirely of securities in new companies—distilleries, breweries, gold mines and some investment trusts and that practically no issues of established concerns have been registered.

An impossible schedule

THOSE who hope to see the Securities Act altered point out that the law as it now stands places an unfair liability on directors and officers of the company and on its accountants and attorneys. They also say that it is practically impossible to compile the required information in the case of long-established, nation-wide companies and that, if compiled, its very bulk would defeat its own purpose of giving the investor information.

Schedule A, which lists the information to be included in the registration statement, has 32 clauses. Clause 24 of the schedule calls for "dates of and parties to, and the general effect concisely stated of every material contract made, not in the ordinary course of business, which contract is to be executed in whole or in part at or after the filing of the registration statement or which contract has been made not more than two years before such filing."

Moreover, a copy of all such contracts must be filed subject to certain discretion on the part of the Federal Trade Commission. The prospectus must include the same information but the copies need not be included.

Encyclopaedic prospectuses

CLAUSE 21 of Schedule A calls further for: "The names and addresses of the

vendors and the purchase price of any property, or good will, acquired or to be acquired, not in the ordinary course of business, which is to be defrayed in whole or in part from the proceeds of the security to be offered. . . ." Such phrases as "material contract" and "in the ordinary course of business" may call for much interpretation before companies feel safe in issuing securities.

In one small issue the prospectus consisted of 26 pages and cost 50 cents each to print. A registration statement by a company of long history and with complicated business and accounting problems would take hundreds of pages.

Sound business can't finance

"IN OUR opinion," said a business leader, "the Act effectually stops companies of long history, complicated business and intricate accounting problems, from public financing. The difficulties, moreover, brought about by this legislation increase as the integrity and moral caliber and technical ability of management increase, thus increasing the difficulty of financing for those companies who in reality afford the best investment risk."

What of the directors?

WHAT will be the effect of the Securities Act on the make-up of boards of directors? That's a question which is apt to develop in any discussion of the good and bad points of the measures. As it now stands, the registration statement must be signed by a majority of the board of directors and imposes heavy liability for error in such statement.

I have heard, on more than one occasion, a business man say that under no circumstances would he sign a registration statement for a company of which he was director; he would be afraid of the liability he might inadvertently incur.

But, it is asked, shouldn't a director know all that there is to know about his company? The answer is that he can't, in all cases. A man is sometimes chosen director because of special and expert knowledge which he may bring to a company. He may not undertake to understand its accounting problems. Another man may properly be on a board because he represents a large stockholding interest. His own business, his other directorships, may make it impossible for him to have such complete knowledge as would be indicated by

his signing the registration statement.

That he shouldn't be a director, is an answer. Those who make this answer apparently believe that business should have a management board of directors, that being a director should at least approach a full-time job. The idea is not novel. Sometime ago a man who holds many directorates said to me:

"I am on too many boards. I can't undertake to know very much about them all, yet it has seemed advisable that my associates should be represented on certain boards and I am selected to fill the place. I sometimes think that I should be on, at the most, four boards and that I should receive from each an adequate salary and should give to each a fair share of my time."

One pessimist advanced the view that a result of the Securities Act, unless it were altered, might be to create a sort of dummy director whose responsibility would be so small that he wouldn't mind signing anything.

Banks and credit

"BANKS won't lend." "Banks are conspiring to wreck NRA." "Banks have more money than they know what to do with."

Complaints like that are heard all over the country. Let's look at the question from two angles. If the banks have plenty of money, whose money is it? Most of it belongs, not to the bank, but to you, the depositor. Suppose the bank said to you who complain of its unwillingness to lend:

"Very well, we'll take your money out and lend it to the man who wants to borrow but don't ask us to lend your money on any questionable risk and at the same time tell us to be ready to repay your money at any moment."

In New York City a test was made. A group of New York banks formed a credit committee to work with Grover Whalen, chairman of the local NRA. They examined 170 applications and the net result was then summed up by Mr. Whalen:

"The committee has been sympathetic to all applicants and has given their cases a thorough review. In a large majority of cases (more than 85 per cent), the applicants in question, due to the depletion of their own capital by the years of depression, required permanent working capital (new partners or stockholders), which commercial banks do not and cannot furnish. The investigation made by the committee has already

Remember that promise!

HAVE you, sometime this year, put off getting a needed insurance policy with the thought, "that's something I'll do later this year?"

Well, it's "later this year" now. In fact, the year's about over.

Those growing boys and girls need every bit of insurance protection you can give them. Make sure they get it before the year is out by sending this coupon.



JOHN HANCOCK INQUIRY BUREAU
197 Clarendon Street, Boston, Mass.
Please send me information about life insurance for protection.

Name

Street and No.

City State

N. B. 12-33

(Continued from page 63)

disclosed that the statements that there was a dearth of credit were unwarranted and unjustified.

A plan for recovery

OF THE 10,000 more or less (probably much less) plans for ending depressions, the one that gave us the most delight came from the head of the statistical and economic bureau of a great American industry. And he wasn't laughing when he told of this plan:

"Why not a great national lottery, or a series of great national lotteries? The gambling instinct is inherent in most people and probably in the American people as highly as in any other. At the moment there is a great amount of money held in individual bank accounts and pocketbooks which is itching to get out, but which doesn't know where to go. It doesn't want to be drafted by taxation, it sees no immediate way of safe investment with a speculative chance. It is afraid of the stock market; it has had its edges singed there. But a national lottery would appeal to it.

"Few of us could resist the temptation to risk a dollar or even five dollars to win a million. A large sum could be turned into the public treasury through a comparatively painless tax.

"It's a grand idea, but I'm afraid we shan't adopt it."

Foreign Trade and NRA

✓ WILL a domestic recovery program for the United States, envisaging higher wages, shorter hours, and presumably higher production costs, affect American chances for building up export business or require additional protective measures against imports?

As to imports, Congress itself anticipated the possibility of an undermining of the recovery program by the importation of foreign products produced under conditions permitting lower standards of wages and less advanced standards of working conditions and competitive practices. The Industrial Recovery Act itself in Section 3 (e) empowers the President to authorize investigations of competition from articles imported into the United States in increasing ratios to domestic production or on such conditions as to render ineffective or seriously to endanger the maintenance of any code or agreement. If he finds such facts exist, the President can then direct that the articles be permitted entry only upon such conditions and subject to such fees as he shall find necessary. He even has authority to license importers if necessary.

Certain of the codes specifically provide that the authority executing the code shall constitute itself the agency to make complaints to the President if imports are endangering the code. The code of the lumber and timber products industry not only makes such provision but also stipulates that the minimum prices determined for products of domestic production shall apply in the case of imported lumber and timber products. The code for the petroleum industry specifically requests the President "to limit imports of crude petroleum and petroleum products for domestic consumption to volumes bearing such ratio to the estimated volume of domestic production as will effectuate the purposes of this Code and the National Industrial Recovery Act." Codes for the lace manufacturing industry and the corset industry have designated the executing authority as the agency to register complaints regarding competitive imports. A special section of the National Recovery Administration has been set up to study all such complaints.

As respects exports, the main consideration has been to what extent higher costs in the United States would further handicap this trade.

Exporters and officials of the Recovery Administration discussed these problems at a two-day conference in Washington. It was evident from the discussion that primarily the codes

were intended, so far as the establishment of prices was concerned, for the domestic industry. The exporters were not asking that their operations be exempted from the provisions for wages and hours of labor. Where, however, prices are governed by production costs, the exporters questioned whether or not export transactions should be forced to bear items of overhead properly applicable only to domestic transactions.

The National Foreign Trade Council of New York points out that loose definition of the word "industry," might make some codes applicable to manufacturing and selling operations outside of continental United States and to selling operations in the United States which may be part of the export trade transaction. The Council has recommended that emphasis on the domestic situation be recognized by including in the codes a provision that the code concerns only manufacturing done within continental United States and sales for consumption within the same area.

Exempting exports from the code

THE code for the iron and steel industry specifically exempts export trade, stating that nothing in the code "shall be deemed to apply to or affect the sale of any product for direct shipment in export trade by any member of the code within the meaning of the term 'export trade' as it is used in the Export Trade Act. . . ."

Similarly exemption is allowed direct shipments to the territories and possessions of the United States unless the board of directors otherwise determines.

The steel code also includes a provision for special allowances on sales to purchasers who are using the iron and steel products in articles for export.

The code of the lumber and timber products industry exempts export trade; excepts export sales from the provision that minimum prices should be not more than cost of production; permits production exceeding the regular allotment when this addition is necessary to accept and execute orders for export, although providing that such excess would be subsequently deducted from the manufacturer's future allotment. The lumber code indicates that supplemental rules to govern export business might be presented to govern each division or subdivision of that industry.

The code for the petroleum industry likewise provides that it shall not apply in respect to sales made in the United States for export. Of interest also by way of comparison are the provisions of



AID and COMFORT for Old Man DEPRESSION

HOUSEHOLD LOAN SERVICE

is available to families living in
or near these ninety-one cities:

Illinois

Alton
Aurora
Bloomington
Champaign
Chicago
Cicero
Decatur
Freeport
Galesburg
Joliet
Moline
Oak Park
Peoria
Rockford
Springfield
Waukegan

Indiana

East Chicago
Evansville
Gary
Hammond
Indianapolis
Michigan City
South Bend

Iowa

Davenport
Des Moines

Maryland

Baltimore

Massachusetts

Boston
Springfield
Worcester

Michigan

Battle Creek
Detroit
Flint
Grand Rapids
Jackson
Kalamazoo
Lansing
Muskegon
Port Huron
Saginaw

Missouri

Kansas City
St. Joseph
St. Louis

New Jersey

Camden

Jersey City

Newark
Paterson
Trenton

New York

Albany
Binghamton
Brooklyn
Buffalo
Flushing
Jamaica
New York
Niagara Falls
Rochester
Syracuse
Utica

Ohio

Cincinnati

Pennsylvania

Allentown
Altoona
Chester
Easton
Erie
Johnstown
Lancaster
McKeesport
New Castle
Norristown
Philadelphia
Pittsburgh
Reading
Scranton
Wilkes-Barre
York

Rhode Island

Pawtucket
Providence

Wisconsin

Appleton
Beloit
Eau Claire
Fond du Lac
Green Bay
Kenosha
La Crosse
Madison
Milwaukee
Oshkosh
Racine
Sheboygan
Superior
Wausau

ONE of Depression's best friends is the man who can, with little effort, pay his bills promptly—but doesn't.

Ten dollars paid on a past due bill will do more to heal sick business and restore jobs than ten tax dollars for doles and relief. Paying bills puts money into active use—which means jobs.

Last year 300,000 families living in 91 cities cashed in on their value as going concerns and borrowed \$51,000,000 from Household Finance Corporation to pay bills and meet emergencies.

Individual consumers need a line of credit as much as merchants themselves. Irregularity of income and variations in needs are even more recurrent in family life than in business. Occasional use of personal finance credit should be accepted as evidence not of improvidence but of determination to keep the family's debts on a payable basis and to protect the interests of creditors.

Encourage your delinquent customers and your debt-burdened employees to borrow to pay. You will help them, yourself and the community. And at the same time deny aid to Old Man Depression.

For many years, Household Finance Corporation has devoted its abilities and experience to the task of supplying the consumer with needed cash to meet emergencies and opportunities . . . cash at the lowest possible cost consistent with sound business policy.

Business men know a retail price must cover operation costs and a reasonable profit. Efficiencies never can reduce retail prices to the level of wholesale prices. However, when methods are devised which permit renting the use of money to families at rates lower than the $2\frac{1}{2}$ to $3\frac{1}{2}\%$ a month now charged on unpaid balances, Household will be found using these methods.

Seventy-seven per cent of the urban population of the United States lives in territory where personal finance agencies are provided under Uniform Small Loan Laws. Of the fifty cities east of the Mississippi having a population of more than 100,000, only Washington, D. C., Birmingham, Ala., and Louisville, Ky., are deprived of personal finance service by inadequate legal provisions.

HOUSEHOLD FINANCE CORPORATION

Headquarters: Palmolive Building, Chicago, Illinois

MONEY
MANAGEMENT
FOR
HOUSEHOLDS—



a helpful booklet on budgeting the family income, leading to the happiness of financial security, is offered without charge to your employees and customers. Mail or telephone their names to our nearest office.



A South African Diamond Mine

SOUTH AFRICAN RAILWAYS
ADMINISTRATION

The Earth's MOST VALUABLE Spot

KIMBERLEY, South Africa, source of 90% of the world's diamonds. Since the discovery of a 21½ carat diamond in 1886 by a child who picked up a pretty pebble to play with, Kimberley has sent out more than a billion dollars worth of diamonds from an area of less than 200 acres. A great, black hole 1,600 feet across, a mile in circumference and 1,200 feet deep bears mute evidence to the romance of the diamond fortunes that came from Kimberley.

Today the mines are worked with modern methods and labor-saving machinery, with electric appliances furnished by Westinghouse and General Electric. All South Africa is modernizing. It needs and can buy what you have to sell!

A Good Customer!

In 1932 the United States exported more than \$34,000,000

worth of goods to South Africa. In 1929 more than \$72,000,000 worth of lumber, clothing, automobiles and accessories, gasoline and tires, oil, machinery, musical instruments were exchanged for gold, diamonds, ostrich feathers, wool, wattle bark, asbestos, hides and other products.

Visit South Africa. Combine a vacation with business. A restful 23-day cruise from New York takes you to Cape Town. Play golf on famous greens along the seashore or high in the mountains. Fish for tiger-fish in the Zambezie. Swim in the surf at Durban. Spend a winter in the delightful summer of South Africa. Choose what you will for hunting—antelope, baboons, lions, elephants, giraffe.

Motor ship *City of New York* sails December 31. Its accommodations are those of a modern hotel. Ask for de-

tails of conducted tours and lowest freight rates. Address:

American South
26 BEAVER STREET



African Line, INC.
NEW YORK • N Y

Under the American flag, carrying U. S. Mails, Freight and Passengers

Section 15 (e) of the Agricultural Adjustment Act which provides for compensating taxes upon imports, equal to the amount of the processing tax in effect with respect to domestic production of the article in question. Such taxes derived from imports from possessions of the United States are to be used for the benefit of the agriculture of such possessions.

Section 17 (a) of the Agricultural Adjustment Act frees exports of the processing tax. When any product upon which a tax has been paid is exported to any country, including the Philippine Islands, the Virgin Islands, America Samoa, and the island of Guam, the exporter is entitled to a refund of the amount of such tax.

Statement of Ownership

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of Nation's Business, published monthly at Greenwich, Conn., and Washington, D. C., for October 1, 1933.

City of Washington, County of District of Columbia, ss. Before me, a Notary Public in and for the state and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the editor of Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the U. S., Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows: President: Henry I. Harriman, Chairman of the Board, New England Power Association, 29 Somerset Street, Boston, Mass. Vice Presidents: Matthew S. Sloan, 2 Montague Terrace, Brooklyn, N. Y.; Junius P. Fishburn, President, Times-World Corp., Times Bldg., Roanoke, Va.; Felix M. McWhirter, President, The Peoples State Bank, Indianapolis, Ind.; F. Peavey Heffelfinger, Vice President & General Manager, Monarch Elevator Co., 317 Chamber of Commerce Bldg., Minneapolis, Minnesota; William V. Hodges, Hodges, Wilson & Rogers, 327 Colorado National Bank Building, Denver, Colorado; Paul Shoup, Vice Chairman, Southern Pacific Co., 165 Broadway, New York, N. Y. Treasurer: Robert V. Fleming, President, Riggs National Bank, Washington, D. C. Secretary: D. A. Skinner, Chamber of Commerce of the U. S. A., 1615 H Street, N. W., Washington, D. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE
(Signature of Editor.)

Sworn to and subscribed before me this 6th day of October, 1933.

(Seal) WALTER HARTLEY
(My commission expires Sept. 15, 1937.)
Notary Public, District of Columbia

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C This is one of a series of editorials written by leading advertising men on the general subject of advertising

There Must Be Some Relationship

★ **ASIDE** from the production of some raw materials, the big industries of the country include such items as foods, toilet goods, electrical refrigerators and other electrical equipment or appliances, radios, automobiles, gasolines and oils, paper, clothing, tobacco.

Among the big advertising classifications you find listed these big industries. And in lists of big individual advertisers you find the big concerns of those big industries.

You find the word "big" recurring so frequently above to give continuity to the points listed and not because there is any virtue in bigness itself. There is, however, some virtue in the process of becoming big—whether an industry or an individual concern in an industry—and there seems to be an indisputable relationship between that progress and the use of advertising.

In the interest of progress, industry and individual firm alike owe it to themselves to advertise reasonably and consistently.

FRANK L. BLAKE
In charge of advertising
Kimberly-Clark Corporation

IDLERS TROUBLERS ALL UNWELCOMES



STAY OFF Cyclone Fenced Property

YOU cannot afford to be without strong adequate fence. Have you ever considered how inexpensive it is to hamper the vicious professional trouble makers and entirely stop trespassers and unwelcome intruders?

You will be surprised to find how little it costs to keep out sneak thieves, save material losses, allow outdoor storage, reduce fire hazards and give workers uninterrupted privacy with Cyclone Fence. Near you there is a Cyclone organization, to give you immediate service in connection with your fencing problems.

Cyclone Fence is made by an organization with forty-seven years of Quality fence building experience. Made of copper-steel heavily hot-dipped galvanized it resists corrosion years longer. Erection may be made by our factory trained crews or by your own men if you desire. Complete details sent upon request. Address Dept. N.

Cyclone Fence

REG. U.S. PAT. OFF.

Cyclone Fence Company

General Offices: Waukegan, Illinois

SUBSIDIARY OF UNITED STATES STEEL CORPORATION

BRANCHES IN PRINCIPAL CITIES

Pacific Coast Division:

Standard Fence Company

Oakland, Cal.



Cyclone—not a "type" of fence, but fence made exclusively by Cyclone Fence Company and identified by this trade-mark.



HOME-STUDY BUSINESS TRAINING

Your opportunity can never be bigger than your preparation. Prepare now and reap the rewards in earlier and larger success. Free 64-Page Booklets Tell How. Write now for book you want, or mail coupon with your name and address in margin today.

- | | |
|---|--|
| <input type="checkbox"/> Higher Accountancy | <input type="checkbox"/> Business Mgm't |
| <input type="checkbox"/> Mod. Salesmanship | <input type="checkbox"/> Business Corres. |
| <input type="checkbox"/> Traffic Management | <input type="checkbox"/> Credit and Collection |
| <input type="checkbox"/> Law: Degree of LL.B. | <input type="checkbox"/> Correspondence |
| <input type="checkbox"/> Commercial Law | <input type="checkbox"/> Modern Foremanship |
| <input type="checkbox"/> Industrial Mgm't | <input type="checkbox"/> Personnel Mgm't |
| <input type="checkbox"/> Banking and Finance | <input type="checkbox"/> Expert Bookkeeping |
| <input type="checkbox"/> Telegraphy | <input type="checkbox"/> C. P. A. Coaching |
| <input type="checkbox"/> Rail. Station Mgm't | <input type="checkbox"/> Business English |
| <input type="checkbox"/> Railway Accounting | <input type="checkbox"/> Commercial Spanish |
| <input type="checkbox"/> Paper Salesmanship | <input type="checkbox"/> Effective Speaking |

LASALLE EXTENSION UNIVERSITY

Dept. 12374-R

Chicago

It is not a **SAVING** in Cost *alone* . . .

*that has converted
so many
property owners
to Mutual Fire
Insurance*



IT'S a matter of record that *mutual* fire insurance companies have returned millions of dollars yearly to policyholders in dividend savings.

These savings are naturally welcomed by the property owner, but many thoughtful buyers of fire insurance have been influenced to join the mutual ranks chiefly by the reasons back of the ability of *mutual* companies to effect these savings.

To charge standard rates and to save and return a sizeable part of the premium demands something out of the ordinary. It demands a rather definite vocational attitude on the part of mutual management—a strict adherence to economy in operation. It requires a selective process in the accepting of risks and a zeal to make good risks better by doing everything to reduce the fire hazard.

These aims and ideals are the essence of mutual insurance at its best.

They characterize the legal reserve *mutual* companies which have been accepted for membership in the Federation of Mutual Fire Insurance Companies. A practical proof of this is the fact that the 74 Federation companies have an average corporate age of 50 years; have saved and returned over \$125,000,000 to their policyholders in the ten years since 1922.

Any owner of property, large or small, in the difficulties of these times,

will benefit by learning the facts about this kind of *mutual* protection. Write today for a list of Federation companies and an outline of the advantages offered by these leading organizations.



★ ★ ★

This Seal identifies a member company of The Federation of Mutual Fire Insurance Companies and the American Mutual Alliance.

MUTUAL FIRE INSURANCE *An American Institution*

WRITE FOR THIS BOOKLET-----

NB-D

Federation of Mutual Fire Insurance Companies,
230 North Michigan Avenue, Chicago, Illinois.
Gentlemen: Kindly send me a list of Federation companies—also a full explanation of the operation and benefits of *mutual* fire insurance.

Name _____

Address _____



THE MUTUAL PLAN HAS OPERATED SUCCESSFULLY FOR 180 YEARS

When writing to FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES please mention Nation's Business

The Owners of the Old Colony Building did not know
Modern Elevators would save \$25,000 in one year

No one knows offhand

Building managements cannot be expected to know just what the savings will be in elevator modernization. The most experienced elevator engineers cannot tell you until after they have carefully studied the building, its special problems and its advantages. Many ways of cutting costs reveal themselves upon investigation.

\$25,000 was saved the first year by the management of the Old Colony Building, Chicago, after an investment of \$80,000 in replacing six hydraulic with five Westinghouse electric elevators. Where can such an investment be equaled today?

But the first real motive in replacing the antiquated with today's more efficient machinery is the necessity of first-class service. Owners must provide tenants with the new comforts to influence permanency of occupation.

Modernization, then, is the real investment of this period. Consult Westinghouse engineers—get a picture of what can be saved and at the same time gain the many advantages of maintaining finer elevator service.



Westinghouse Electric Elevators

∞ 64



*For Christmas
and for Always*

MAY THE BEST OF GOOD THINGS BE YOURS

